



Finance Committee

Date: TUESDAY, 15 NOVEMBER 2016
Time: 1.45 pm
Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

6. **2015/16 NON-LOCAL AUTHORITY FINANCIAL STATEMENTS (CITY'S CASH, BRIDGE HOUSE ESTATES, CITY'S CASH TRUST FUNDS AND THE SUNDRY TRUSTS) TOGETHER WITH MOORE STEPHENS REPORT THEREON**
Report of the Chamberlain.

Members are asked to note that the Moore Stephens *'Report to those charged with Governance'* (page 79) applies to all of the Financial Statements supplied within this pack. It is referred to as Annex 3 to the City's Cash Financial Statements report and as Annex 5 of the Bridge House Estates, City's Cash Trust Funds and Sundry Trust Funds Annual Reports and Financial Statements 2015/16.

For Decision
(Pages 1 - 242)

1. City's Cash Financial Statements – 2015/16 – Page 1
2. Moore Stephens's *'Report to those charge with Governance'* – Page 79
3. Bridge House Estates, City's Cash Trust Funds and Sundry Trust Funds Annual Reports and Financial Statements 2015/16 - page 117

John Barradell
Town Clerk and Chief Executive

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Agenda Item 6

| | |
|---|---------------------|
| Committees: | Dates: |
| Audit and Risk Management Committee | 8 November 2016 |
| Finance Committee | 15 November 2016 |
| Subject: City's Cash Financial Statements 2015/16 | Public |
| Report of: The Chamberlain | For Decision |
| Report Author: John James, Interim Deputy Financial Services Director | |

Summary

The Annual Report and Financial Statements for City's Cash for the year ended 31 March 2016 are attached at Annex 2 for approval.

Moore Stephens LLP is intending to issue an unqualified audit opinion and their report, including recommendations, is attached at Annex 3. The City's action plan to address the audit recommendations is attached at Annex 4.

The main change to the financial statements for the year is that they have been prepared in accordance with Financial Reporting Standard 102 (FRS102) which became effective for accounting periods on or after 1 January 2015. Previously, the financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), now referred to as 'previous UK GAAP' (*para 5 of this report and a transition statement is provided in the notes to the consolidated financial statements on pages 27 to 30*).

The key points in the financial statements are:

- the Consolidated Statement of Comprehensive Income shows that a net surplus of £184.9m was achieved in the year which includes a gain in fair value on property investments of £222.5m and a loss in fair value on non-property investments of £8.4m (*these figures can be seen in the Consolidated Statement of Comprehensive Income on page 15*);

-
- City's Cash net assets total £2,329.0m, an increase of £208.4m (9.8%) since last year. This favourable movement is largely due to the net surplus of £184.9m above and £25.3m being the City's Cash share of the actuarial gain on pension funds (*the £208.4m is shown in the Consolidated Statement of Changes in Equity on page 17*);
 - there are two financial commitments relating to City's Cash that are disclosed in the notes to the financial statements:
 1. the potential contribution of £50m from City's Cash towards the Crossrail Project (*page 58*); and
 2. £4m relating to the flood mitigation works to the Hampstead Heath ponds which are being undertaken in accordance with statutory requirements (*page 58*); and
 - a premium of £20.3m was received in 2015/16 for a 150 year operating lease which has been treated as deferred income, to be released to revenue over the life of the lease (*para 6 of this report*).

Recommendations

The Audit and Risk Management Committee is requested to:

- consider the contents of Moore Stephens LLP's Audit Management Report; and
- recommend approval of the City's Cash Financial Statements for the year ended 31 March 2016 to the Finance Committee.

The Finance Committee is requested to:

- consider the contents of Moore Stephens LLP's Audit Management Report;
- approve the City's Cash Financial Statements for the year ended 31 March 2016 taking account of any observations from the Audit and Risk Management Committee; and
- agree that the Financial Statements are signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council.

Main Report

Introduction

1. The 2015/16 Financial Statements for City's Cash are attached at Annex 2. The statements are prepared in accordance with Financial Reporting Standard 102 (FRS102).
2. The external auditor, Moore Stephens LLP intends to give an unqualified opinion on the City's Cash Financial Statements and has issued the Audit Management Report set out in Annex 3. The Audit Management Report will be distributed to all Members of the Court of Common Council for information. Representatives from Moore Stephens LLP will be in attendance at the Audit and Risk Management Committee to present their report and to clarify any points or issues.
3. Moore Stephens report includes recommendations in sections 6 and 7. Some of these recommendations only relate to one entity, whilst some apply to all entities. Four recommendations apply to City's Cash and an action plan to address these is attached at Annex 4.
4. The Audit Review Panel of the Chamberlain's and Bridgemasters' Accounts met on 10 October 2016 to review the processes adopted by Moore Stephens LLP and the Panel intends to certify that those processes were in accordance with the prescribed auditing standards.

Changes to the financial statements - transition to FRS102

5. City's Cash financial statements for the year ended 31 March 2016 have been prepared in accordance with Financial Reporting Standard 102 (FRS102) as issued by the Financial Reporting Council for accounting periods on or after 1 January 2015.

Prior to the adoption of FRS102 City's Cash financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), now referred to as 'previous UK GAAP'. City's Cash last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS102 is 1 April 2014.

A transition statement has been included in the accounts on pages 27 to 30, which sets out the changes to funds and net operating surplus/(deficit) as a result of the transition to FRS102. These changes are summarised below:

- a. Lease incentives - FRS102 requires lease incentives, which reduce rental income in the initial years of the lease, to be allocated over the term of the lease.

Previous UK GAAP required lease incentives to be allocated over the shorter of the lease term and the period ending on the date from which it is expected the prevailing market rental will be payable.

This change means that rental income is now 'smoothed' over a generally longer period which, at the transition date of 1 April 2014, led to an increase of £3.7m in the level of accrued rental income. The movement for the year ended 31 March 2015, was a further increase in accrued income of £1.3m.

- b. Lease incentives - as the valuation of investment properties is partly based on future rental income (see change noted at 1 above), a corresponding reduction was made to the value of investment properties reflecting that a lower level of income will be recognised in later years.
- c. Holiday pay accruals – previous UK GAAP had no specific requirement to make accruals for employee entitlement to paid holiday leave not yet taken as at the year end. FRS102 explicitly requires accruals to be made for holiday pay as the employees earn the right to the paid leave. The initial provision recognised at the date of transition, 1 April 2014, was for the holiday entitlement arising in the year which was due but not taken (£0.8m). The movement in the provision for the year ended 31 March 2015 was also recognised as an effect of transition (nil movement).
- d. Deferred income – under previous UK GAAP grants and contributions relating to fixed assets were treated as deferred income and released to the, then titled, Consolidated Income and Expenditure Account over the expected useful lives of the assets concerned. FRS102 requires such income to now be recognised in the year of receipt where specific conditionality has not been applied by the grantor. Previously deferred income recognised at the transition date of 1 April 2014 was £66.8m, with a further adjustment of £6.4m in the year ended 31 March 2015.
- e. Teachers' Pension Scheme – a number of employees working at the schools supported by City's Cash participate in the Teachers' Pension Scheme. Although the Scheme is a defined benefit plan, previous UK GAAP allowed the Scheme to be treated as a defined

contribution scheme with the pension cost being the amount of contribution actually paid. However, FRS102 requires the employer to also account for the deficit contributions and set up a reserve to meet future deficit contributions. The Teachers' Pension Scheme deficit recognised at the transition date of 1 April was £1.7m, which increased by £12.1m to £13.8m as at 31 March 2015.

Significant items

Premium received for a long lease

6. During the year, the City entered into a series of property transactions to facilitate the lease and redevelopment of a site in the Eastern City Cluster for which it received a premium of £20.3m. As the existing buildings on the site are to be demolished to make way for a new development, the receipt of £20.3m was deemed to be wholly attributable to the underlying land. As land generally has an indefinite life (i.e. the risks and rewards of ownership are shared with the City as lessor) it has been classified as an operating lease and, in accordance with FRS102, the premium has been treated as deferred income to be released to revenue over the 150 year length of the lease.

Contribution to Crossrail

7. The potential contribution of £50m from City's Cash towards the Crossrail Project has been disclosed as a financial commitment in both the annual report and the notes to the financial statements. The reason for this treatment, rather than the inclusion of a long term liability on the balance sheet, is that the arrangement with Crossrail is considered to be an executory contract (i.e. a contract made by two parties in which the terms are set to be fulfilled at a later date - both sides still have duties to perform before it becomes fully executed). Subject to completion of the works, the contributions could be made in two equal instalments of £25m in 2018/19 and 2019/20.

Subsequent Event – vote to leave the European Union

8. As stated in the annual report and the notes to the financial statements, there are risks to City's Cash from the vote to leave the EU. In particular, the future levels of demand for office accommodation in the City and surrounding areas and the consequential impacts on rent incomes. A close watching brief will be kept on this and other implications as events unfold during the coming months with financial forecasts being refreshed if and when the picture becomes clearer.

Key highlights from the financial statements

Consolidated Statement of Comprehensive Income

Comparison with Previous Year

9. The Consolidated Statement of Comprehensive Income for the year ending 31 March 2016 shows a net surplus of £184.9m as summarised in the following table. The surplus is £62.4m lower than in the previous year, whilst the operating deficit, before gains and losses in the fair value of investments, is £4m higher as shown:

| | 31/3/16 £m | 31/3/15 £m |
|---|-----------------------|-----------------------|
| Operating surplus/(deficit) before gain/(loss) in fair value of investments | (28.4) | (24.4) |
| Gain in fair value of property investments | 222.5 | 186.7 |
| Gain/(loss)/ in fair value of non-property investments | (8.4) | 70.6 |
| Operating surplus | 185.7 | 232.9 |
| Profit on sale of fixed assets | 7.5 | 14.3 |
| Net financing income / (costs) attributable to the pension schemes | (8.3) | 0.1 |
| Surplus for the year | 184.9 | 247.3 |

10. The unfavourable movement in the operating surplus of £47.2m (from £232.9m in the prior year to £185.7m) is largely due to:
- the gain in fair value on non-property investments reducing by £79.0m, from a gain of £70.6m in 2014/15 moving to a loss of £8.4m in 2015/16, due to less favourable market conditions;
 - an increase of £4.5m in net pension scheme costs mainly due to a rise in current service costs of £3.8m (from £12.1m in 2014/15 to £15.9m in 2015/16). In addition, there was an increase in losses on settlements and curtailments of £0.8m (from £0.1m in 2014/15 to £0.9m in 2015/16). This was due to an increase in the number of former employees being entitled to unreduced early retirement benefits;

partly offset by:

- the gain in fair value from property investments increasing by £35.8m (from a gain of £186.7m in 2014/15 to a gain of £222.5m in 2015/16);
- net expenditure on education decreasing by £0.9m mainly due to fee increases at the City's three fee paying schools; and
- lower costs at Smithfield Market (£1.0m). Savings include lower energy charges as a result of the fall in the price of oil, a planned reduction in repairs and maintenance, insurance cost savings from a review of buildings requiring cover, employee cost savings as part of planned service levels and increases in income from rents, filming and parking.

Comparison with Budget

11. The financial statements and the budget are not directly comparable due to differences in the way in which the two documents are constructed*. However, compared to a budgeted net deficit of £0.1m as detailed in Annex 1, the outturn on a like for like basis is a net surplus of £8.1m, a favourable movement of £8.2m.
12. The budget and outturn can also be analysed on a Committee basis as shown in Annex 1.
13. The net £8.2m better than budget position comprises:
 - £3.1m slippage/rephasing of major revenue repairs, maintenance and improvement projects – mainly relating to Guildhall School and match funding contributions to Crossrail Art Works.
 - £1.5m surplus on cash limited local risk budgets, comprising:
 - £1.7m of savings across Chief Officers local risk budgets (excluding GSMD – see below);
 - £0.6m better than budget on the City Surveyor's Additional Works Programme; and

* the budget includes the draw-down from non-property investments, whereas the Consolidated Statement of Comprehensive Income (CSoCI) does not as this is a transfer between investments and cash, however, the CSoCI includes the movements in fair value of investments but the budget does not account for such movements in the market value of assets. The budget also does not include accounting adjustments for holiday pay accruals and pension scheme actuarial gains or losses.

partly offset by:

- £0.8m deficit on Guildhall School of Music and Drama – the combined impact of a number of budget pressures including target savings not being achieved, higher energy bills, a shortfall in student enrolment and additional expenditure on setting up regional music centres for young musicians. PA Consulting is currently undertaking a review of the School’s operating model and is due to report in the autumn. In addition, the GSMD has been awarded a further grant of £4m per annum for 5 years from September 2016.
- £2.0m central contingencies and provisions not required;
- £1.2m reduced net expenditure on central support services;
- £0.5m profit on the disposal of assets – the budget assumed £7.3m profit whereas the outturn was £7.8m. The increase mainly relates to a number of minor receipts including rights of light compensation and building licences which were uncertain when preparing the budget; and
- £0.9m of other net reductions in operating costs across services.

partly offset by:

- £1.0m net reduction in deferred income released to revenue in 2015/16. This is a technical accounting adjustment relating to the implementation of Financial Reporting Standard 102;
14. In accordance with the City’s budget management arrangements, requests for the carry forward of City’s Cash resources totalling £2.1m have been agreed by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub-Committee. In addition, £3.1m of projects and works programmes have slipped and/or been rephased to 2016/17. These carry forwards and rephased projects will increase the call on City’s Cash reserves in 2016/17.

Consolidated Statement of Changes in Equity

As set out in the following table, the recognised gains for the year total £208.4m (for year ended 31 March 2015 – gains of £196.0m).

| | 31/3/16 £m | 31/3/15 £m |
|--|-----------------------------|-----------------------------|
| Surplus for the financial year | 184.9 | 247.3 |
| Unrealised gains/(losses): | | |
| (Loss)/gain on revaluation of non-property investments | (1.8) | 1.9 |
| Actuarial gain/(loss) on defined benefit pension schemes | 25.3 | (53.2) |
| Net increase in funds | 208.4 | 196.0 |

Consolidated Statement of Financial Position

15. City's Cash net assets total £2,329.0m at 31 March 2016 compared to £2,120.6m a year earlier reflecting the £208.4m total gain recognised for the year as set out above.

Approval of the Financial Statements

16. The Chairman and Deputy Chairman of the Finance Committee will be requested to approve and sign the financial statements on behalf of the Court of Common Council.

Annexes

Annex 1 – City's Cash - comparison of outturn with budget

Annex 2 – Annual Report and Financial Statements of City's Cash

Annex 3 – Moore Stephens Audit Management Report (*Please see also BHE 2015/16 – Annex 5*)

Annex 4 – Action plan to address Moore Stephens recommendations

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ANNEX 1

City's Cash - Comparison with Budget

| City's Cash Outturn 2015/16 | | | |
|--|--------------|------------|---------------------------------|
| | Budget | Outturn | Variation Better/ (Worse) |
| | £m | £m | £m |
| 1. Net expenditure on services | (74.5) | (69.8) | 4.7 |
| 2. Supplementary revenue projects | (3.4) | (0.3) | 3.1 |
| 3. Estate rent income | 48.4 | 48.3 | (0.1) |
| 4. Non-property investment income (net) | 21.8 | 21.8 | 0.0 |
| 5. Interest on balances | 0.3 | 0.3 | 0.0 |
| 6. Operating deficit | (7.4) | 0.3 | 7.7 |
| 7. Profit on asset sales | 7.3 | 7.8 | 0.5 |
| 8. (Deficit) Surplus (from) to reserves | (0.1) | 8.1 | 8.2 |

City's Cash - Comparison with Budget on a Committee Basis

| 2015/16 Budget v Outturn – City's Cash Summary by Committee | | | | | |
|---|---------------|------------|----------------------------|---------------|---|
| Committee | Budget Net | Outturn | Variation Better / (Worse) | | |
| | | | Total | Local Risk | Central Risk/ Support Services |
| | £m | £m | £m | £m | £m |
| Culture, Heritage & Libraries | (0.3) | (0.3) | 0.0 | 0.0 | 0.0 |
| Education Board | (1.1) | (1.0) | 0.1 | 0.0 | 0.1 |
| Finance | 10.8 | 15.0 | 4.2 | 0.2 | 4.0 |
| G.P Committee of Aldermen | (3.3) | (3.1) | 0.2 | 0.1 | 0.1 |
| Guildhall School of Music and Drama | (10.8) | (11.7) | (0.9) | (0.8) | (0.1) |
| Markets | (1.2) | 0.0 | 1.2 | 1.0 | 0.2 |
| Open Spaces :- | | | | | |
| Open Spaces Directorate | 0.0 | 0.0 | 0.0 | 0.1 | (0.1) |
| Epping Forest and Commons | (7.5) | (7.2) | 0.3 | 0.2 | 0.1 |
| Hampstead, Queen's Park and Highgate | (7.7) | (7.4) | 0.3 | 0.2 | 0.1 |
| Bunhill Fields | (0.2) | (0.2) | 0.0 | 0.0 | 0.0 |
| West Ham Park | (1.3) | (1.2) | 0.1 | 0.0 | 0.1 |
| Policy and Resources | (13.2) | (12.0) | 1.2 | 0.1 | 1.1 |
| Property Investment Board | 39.5 | 41.0 | 1.5 | 0.5 | 1.0 |
| Schools :- | | | | | |
| City of London School | (1.4) | (1.5) | (0.1) | (0.1) | 0.0 |
| City of London Freemen's School | (1.8) | (1.7) | 0.1 | 0.0 | 0.1 |
| City of London School for Girls | (0.6) | (0.6) | 0.0 | 0.0 | 0.0 |
| (Deficit) Surplus (from) to reserves | (0.1) | 8.1 | 8.2 | 1.5 | 6.7 |

CITY'S CASH
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2016

CONTENTS

| | Page |
|---|-------------|
| Annual Report | 1 |
| Adoption of the Annual Report and Financial Statements | 11 |
| Independent Auditor's Report | 12 |
| Report of the Audit Review Panel | 14 |
| Consolidated Statement of Comprehensive Income | 15 |
| Consolidated Statement of Financial Position | 16 |
| Consolidated Statement of Changes in Equity | 17 |
| Consolidated Statement of Cash Flows | 18 |
| Statement of Significant Accounting Policies | 19 |
| Notes to the Consolidated Financial Statements | 27 |

Annual Report

1. Introduction

City's Cash is a fund of the City of London Corporation that can be traced back to the 15th century and has built up from a combination of properties, land, bequests and transfers under statute since that time. Investments in properties, stocks and shares are managed to provide a total return that:

- allows the City Corporation to use the income for the provision of services (detailed in section 4) that are of importance to Greater London and the whole UK as well as to the City; and
- maintains the asset base so that income will also be available to fund services for the benefit of future generations.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 as issued by the Financial Reporting Council. The City of London Corporation publishes the City's Cash Annual Report and Financial Statements and a 'City's Cash Overview' every year to provide further transparency on its activities.

2. Administrative Details

| | |
|--|--|
| <i>Registered Address</i> | Guildhall, London, EC2P 2EJ |
| <i>Chief Executive</i> | The Town Clerk of the City of London |
| <i>Treasurer</i> | The Chamberlain of London |
| <i>Solicitor</i> | The Comptroller and City Solicitor |
| <i>Bank</i> | Lloyds Bank plc |
| <i>Discretionary Fund Managers</i> | Artemis Investment Management Ltd; Carnegie Financial Services SA; GMO (UK) Ltd; M&G Investment Management Ltd; Natixis International Funds (Harris Associates); Pyrford International Plc; Ruffer LLP; Southeastern Asset Management Inc.; |
| <i>Chartered Accountants and Statutory Auditor</i> | Standard Life Investments Ltd; Veritas Asset Management LLP; and Wellington Management International. Moore Stephens LLP. |

3. Other City of London Corporation Funds

This annual report and the financial statements only cover City's Cash: this is one of three funds from which the City Corporation pays for its services. The others are City Fund and Bridge House Estates.

City Fund covers the City's activities as a local authority, police authority, and port health authority. The financial statements are published separately.

Bridge House Estates is a registered charity. It was originally set up from bridge taxes, rents and private bequests to deal with the upkeep of London Bridge. The charity now funds the maintenance of Tower, London, Southwark, Millennium and Blackfriars Bridges. As the funds have been managed effectively over the centuries, BHE now also helps charitable causes across London through the City Bridge Trust with grants between £15m and £20m every year. The annual report and financial statements for this fund are also published separately including a list of grants awarded.

4. Activities of City's Cash

Returns from investments allow the City Corporation to provide services that:

- are of national benefit through its core objective to promote UK-based financial services, and related professional services, at home and abroad; and
- are of importance to Greater London and its environs as well as to the City itself, for example, work in surrounding boroughs supporting education, training and employment opportunities; numerous green spaces, wholesale markets providing fish (Billingsgate) and meat (Smithfield), schools (City of London School, City of London School for Girls, City of London Freeman's School, Academies across London and the Guildhall School of Music & Drama).

Education

Gross Expenditure £71.4m, Gross Income £58.0m, Net Expenditure £13.4m

The City Corporation maintains three fee paying schools – City of London School, City of London School for Girls (both in the Square Mile), and the City of London Freeman's School (in Surrey). They regularly feature among the UK's top performing schools. In each of these institutions, the City of London Corporation provides scholarships and academic bursaries, including match funding for monies raised externally by the schools, to support able students from disadvantaged backgrounds. Over 300 students currently receive support.

The Guildhall School of Music & Drama is owned, funded and managed by the City Corporation. It is an internationally-renowned conservatoire; based in the Barbican, it has over 800 students in higher education, drawn from nearly 60 countries around the world, and is regulated by the Higher Education Funding Council for England in-line with other higher education institutions.

The City of London Corporation's Education Board is responsible for reviewing the Education Strategy and making recommendations to committees and the Court of Common Council (the City Corporation's main decision-making body) as appropriate on the delivery of the City Corporation's vision and strategic objectives in this area. The Board has responsibility for distributing funds allocated to it for educational purposes. In addition it is responsible for the City Corporation's role as an Academy school sponsor.

Markets

Gross Expenditure £10.4m, Gross Income £10.5m, Net Income £0.1m

The City Corporation runs three wholesale food markets two of which, Billingsgate and Smithfield, are funded by City's Cash. New Spitalfields Market is accounted for in the City Fund. Market tenants pay rent and service charges, which are calculated on a commercial basis. These charges cover the costs of operation, administration and those repairs which are attributable to the tenants. Billingsgate allows buyers to choose from the largest selection of fish in the UK, with an

annual turnover of some 25,000 tonnes. Meat has been bought and sold at Smithfield for over 800 years; it's magnificent Grade II* listed surroundings see around 120,000 tonnes of meat pass through each year.

Open Spaces

Gross Expenditure £21.5m, Gross Income £4.2m, Net Expenditure £17.3m

The City Corporation looks after 11,000 acres of open spaces across London and beyond, including Hampstead Heath and Epping Forest. Some of the sites have been owned and managed since as far back as 1870, protecting them from development and preserving them as a natural resource. They include important wildlife habitats, Sites of Special Scientific Interest, National Nature Reserves and outdoor space for sport, recreation and enjoyment for the public. Annual visits to the open spaces are estimated at over 23 million.

In accordance with statutory requirements a capital project to mitigate the risks of serious flooding from Hampstead Heath Ponds began in April 2015. The works are due to complete in October 2016 at a cost of around £21m.

City Representation

Gross Expenditure £12.3m, Gross Income £0.8m, Net Expenditure £11.5m

This expenditure supports the City Corporation's core objective to promote UK-based financial services, and related professional services, at home and abroad. The Lord Mayor's overseas visits programme, amounting to around 90 days abroad each year, fosters trade and develops relationships at the highest levels of government and industry. The Chairman of the Policy and Resources Committee also visits a number of major global financial centres each year. High profile government and industry delegations are welcomed to Mansion House and Guildhall, often on behalf of the UK government. Events hosted range from small receptions to major national occasions, such as State or Guest of Government visits. The City's diplomatic relationships are also strengthened through the London Diplomatic Corps.

Mansion House is the official residence of the Lord Mayor as the head of the City Corporation and the base for Mayoral activities. City's Cash funds official receptions, banquets, meetings and general hospitality carried out by the City Corporation (as well as the overall running costs of Mansion House and the team based there).

Other important responsibilities include: support for the City Corporation's many and varied civic activities; maintaining the Mayoralty's close ties with livery companies and supporting corporate social responsibility and charitable organisations. The Sheriffs support Lord Mayors during their year of office and Her Majesty's Judges sitting at the Central Criminal Court.

The Remembrancer is one of the City Corporation's four Law Officers and the Office is responsible for the maintenance and protection of the City's constitution. He is the City's Parliamentary Agent and the Parliamentary Agent for the Honourable the Irish Society, and the City Corporation's Chief of Protocol. The Office acts as a channel of communication between Parliament and the City. In the contemporary context, this means day to day examination of Parliamentary business including examination of and briefing on proposed legislation and amendments to it, regular liaison with the Select Committees of both Houses and contact with officials in Government departments dealing with Parliamentary Bills. Liaison is also maintained with the City Office in Brussels and other Member States' permanent representations in relation to draft EU legislation.

The Remembrancer's Office also organises much of the hospitality referred to above including responsibility for the Lord Mayor's Banquet and elements of the Lord Mayor's Day at Guildhall and the Royal Courts of Justice.

Income is generated from lettings at the Mansion House and charges by the Remembrancer to other City Corporation funds for parliamentary work.

Economic Development

Gross Expenditure £3.8m, Gross Income £0.4m, Net Expenditure £3.4m

Economic development work is dedicated to supporting and promoting the City's competitiveness. One of its main aims is to increase the capacity of the wider London community and especially our neighbouring boroughs. This work ranges from encouraging corporate responsibility in City firms to assisting in regeneration work, education, training, skills development and promoting entrepreneurship. The City Corporation also works to establish the best market conditions in which enterprise and innovation can flourish. The City Corporation's Office in Brussels helps to shape legislation that affects UK business and the City's message is put across to decision makers in Westminster and Whitehall. The City Corporation leads business delegations on overseas visits and high level inward visits are hosted by the Lord Mayor and Chairman of the Policy and Resources Committee.

Management and Administration

Gross Expenditure £7.7m, Gross Income £nil, Net Expenditure £7.7m

These costs primarily relate to support provided to Members by both central and service departments including an apportionment of Guildhall Complex premises expenses; City's Cash external audit fees; treasury management; and depreciation charges in respect of the City's Cash share of capital projects relating to the Guildhall Complex, information systems and other corporate priorities.

Grants and Other Activities

Gross Expenditure £6.6m, Gross Income £0.9m, Net Expenditure £5.7m

A number of grants are made from City's Cash each year, usually where organisations have a strong City connection or are involved in a special nationwide activity, including charity and educational activities. The grants can encourage companies to become more involved in their community; assist, support and advise policy makers on health issues affecting the capital; and support organisations that promote our work at home and abroad. In addition grants are made to emergency organisations to assist with the relief of national and international disasters.

The City Corporation owns and maintains the Monument. This 202ft high building attracts over 230,000 visitors a year, braving its 311 steps to enjoy breath-taking views of the City and beyond. It was built in 1671-7 and was designed by Sir Christopher Wren and Robert Hooke to commemorate the Great Fire of London in 1666.

5. Governance Arrangements

City's Cash is managed by committees of the City of London Corporation, with Membership of the committees drawn from the Court of Aldermen and the Court of Common Council. Members of the Court of Aldermen and Court of Common Council are elected by registered voters (both residents and workers) within the City of London. In determining appointments to committees, the Court of

Aldermen and Court of Common Council will take into consideration any particular expertise and knowledge of the Aldermen and Members.

The decision making processes and financial stewardship of the City of London Corporation are set out in Standing Orders and Financial Regulations respectively. The Standing Orders are available on the City Corporation's website at www.cityoflondon.gov.uk.

The City of London has established a robust programme of risk management as a key element of its strategy to preserve its assets, enhance efficiency for service users and members of the public and protect its employees.

The Audit and Risk Management Committee monitors and oversees the City's Risk Management Strategy which aligns the key principles of ISO31000: Risk Management Principles and Guidelines, and BS 31100: Risk Management Code of Practice, and defines clearly the roles and responsibilities of officers, senior management and Members. The Strategy emphasises risk management as a key element within the City Corporation's systems of corporate governance and establishes a clear system for the evaluation of risk and escalation of emerging issues to the appropriate scrutiny level.

The Corporate Risk Register codifies key strategic risks and assigns responsibility for taking action to mitigate each risk to a named Chief Officer.

The Chief Officer Risk Management Group has a remit to ensure that risk management policies are applied, that there is an on-going review of risk management activity and that appropriate advice and support is provided to Members and officers.

An Audit Review Panel of senior representatives from medium to large audit firms reviews the processes adopted by the incumbent auditor and provides independent confirmation that the audit has been conducted in accordance with International Standards on Auditing (UK and Ireland).

6. Financial Review

As set out in the following table, the Consolidated Statement of Comprehensive Income records a surplus for the year of £184.9m (2014/15: surplus of £247.3m restated) on expenditure of £160.2m (2014/15: £154.4m restated). This surplus is after benefitting from a gain in fair value of property investments of £222.5m and a £7.5m profit on the sale of fixed assets, partly offset by a loss in fair value of non-property investments of £8.4m. Without these items the underlying position would have been a deficit of £28.4m (2014/15: underlying deficit of £24.4m restated).

Income and Expenditure for the year ended 31 March 2016:

| | 2016 Income | 2016 Expenditure | 2016 Net income / (cost) | 2015 Income | 2015 Expenditure | 2015 Net income / (cost) |
|--|------------------------|-----------------------------|---|----------------|---------------------|-----------------------------------|
| | £m | £m | £m | Restated £m | Restated £m | Restated £m |
| Service / activity | | | | | | |
| Property Investment Estate | 55.3 | 14.3 | 41.0 | 54.8 | 15.4 | 39.4 |
| Non-Property Investments | 1.7 | 5.1 | (3.4) | 2.0 | 3.6 | (1.6) |
| Education | 58.0 | 71.4 | (13.4) | 55.7 | 70.0 | (14.3) |
| Markets | 10.5 | 10.4 | 0.1 | 10.9 | 11.8 | (0.9) |
| Open Spaces | 4.2 | 21.5 | (17.3) | 4.5 | 21.2 | (16.7) |
| City Representation | 0.8 | 12.3 | (11.5) | 0.7 | 12.2 | (11.5) |
| Economic Development | 0.4 | 3.8 | (3.4) | 0.4 | 3.3 | (2.9) |
| Management & Administration | - | 7.7 | (7.7) | - | 8.0 | (8.0) |
| Grants and other activities | 0.9 | 6.6 | (5.7) | 1.0 | 6.3 | (5.3) |
| Net Pension Scheme Costs | - | 7.1 | (7.1) | - | 2.6 | (2.6) |
| Operating surplus/(deficit) before gain/(loss) in fair value of investments * | 131.8 | 160.2 | (28.4) | 130.0 | 154.4 | (24.4) |
| Gain/(loss) in fair value of: | | | | | | |
| - property investments | | | 222.5 | | | 186.7 |
| - non-property investments | | | (8.4) | | | 70.6 |
| Operating surplus * | | | 185.7 | | | 232.9 |
| Profit on Sale of Fixed Assets | | | 7.5 | | | 14.3 |
| Net financing income / (costs) attributable to the pension scheme | | | (8.3) | | | 0.1 |
| Deficit before taxation | | | 184.9 | | | 247.3 |
| Taxation | | | - | | | - |
| Surplus / (deficit) for the year | | | 184.9 | | | 247.3 |

* volatility in operating surplus for the financial year – FRS102 requires the gain or loss in fair value of property and non-property investments to be included in the Consolidated Statement of Comprehensive Income (page 15). This means that even relatively small movements in the markets from one year to the next produce large volatility in the operating surplus or deficit in the Consolidated Statement of Comprehensive Income. However, both the Consolidated Statement of Comprehensive Income and the above table show the operating position before the gain or loss in fair value of property and non-property investments, which reduces the movement (volatility)

between the years from £47.2m (operating surplus of £185.7m in 2015/16 compared to the operating surplus of £232.9m in 2014/15 restated) to £4.0m (£28.4m deficit in 2015/16 less the deficit of £24.4m in 2014/15) and is more reflective of the underlying position on operations.

The unfavourable movement in the operating position of £47.2m, from a surplus of £232.9m in 2014/15 (restated) to a surplus of £185.7m in 2015/16, is largely due to:

- the gain in fair value from non-property investments reducing by £79.0m, from a gain of £70.6m in 2014/15 moving to a loss of £8.4m in 2015/16;
- an increase of £4.5m in net pension scheme costs mainly due to a rise in current service costs of £3.8m, from £12.1m in 2014/15 to £15.9m in 2015/16, which are calculated using an estimate of the average total pensionable pay during the year. In addition, there was an increase in losses on settlements and curtailments of £0.8m, from £0.1m in 2014/15 to £0.9m in 2015/16. This was due to the number of former employees being entitled to unreduced early retirement benefits increasing from 8 in 2014/15 to 16 in 2015/16 and the associated capitalised costs of the additional benefits;

Partly offset by:

- the gain in fair value from property investments increasing by £35.8m, from a gain of £186.7m in 2014/15 to a gain of £222.5m in 2015/16;
- net expenditure on education decreasing by £0.9m mainly due to fee increases at the City's three fee paying schools; and
- net expenditure on markets decreasing by £1.0m due to savings at Smithfield Market, including lower energy charges as a result of the fall in the price of oil, a planned reduction in repairs and maintenance, insurance cost savings from a review of buildings requiring cover, employee cost savings as part of planned service levels and increases in income from rents, filming and parking.

Overall, City's Cash reserves have increased by £208.4m from £2,120.6m (restated) to £2,329.0m (2014/15: increase in reserves of £196.0m). The increase comprises the surplus for the year of £184.9m (2014/15: £247.3m - restated), recognised but unrealised losses on listed investments with fund managers of £1.8m (2014/15: gains of £1.9m), and an actuarial gain on the defined benefit pension scheme of £25.3m (2014/15: loss of £53.2m).

City of London Pension Scheme

The estimated share of the net liability in the City of London Pension Scheme is included in the City's Cash accounts. The City's Cash share of the deficit is 48% which equates to £231.7m at 31 March 2016 (£240.3m at 31 March 2015).

City's Cash does not have an exclusive relationship with the City of London Pension Fund and the proportion of the Pension Fund relating to City of London employee members engaged on City's Cash activities is not separately identifiable.

However, although the Pension Fund net deficit cannot be attributed precisely between the City of London's three main funds, an apportionment of that deficit and inclusion in the respective balance sheets presents a fairer view of the funds' financial positions than if the deficit were to continue to be

excluded. Accordingly an apportionment has been made which is based on employer's annual contributions to the fund.

Further details of the City of London Pension Scheme can be found in note 17 to the financial statements.

Teachers' Pension Scheme

In addition to City of London Corporation employees being able to participate in the City of London Pension Scheme, teachers at the City of London Corporation's four private schools are eligible to participate in the Teachers' Pension Scheme (TPS). The share of the net liability in the TPS attributable to the City's private schools is £12.5m (2015: £13.8m) and is included in the Consolidated Statement of Financial Position.

Going Concern

The City of London Corporation considers City's Cash to be a going concern as set out in note b) of the Statement of Significant Accounting Policies.

Financial Commitment

The City of London Corporation has agreed a £50.0m contribution to Crossrail from City's Cash upon completion of the project. Subject to completion of the works, the contribution will be made in equal instalments during 2018/19 and 2019/20.

In addition, there is a contractual commitment of £4.0m relating to the flood mitigation works to the Hampstead Heath ponds which are being undertaken in accordance with statutory requirements.

Events after the reporting date

There are risks to City's Cash from the vote to leave the EU. In particular, the future levels of demand for office accommodation in the City and surrounding areas and the consequential impacts on rent incomes. A close watching brief will be kept on this and other implications as events unfold during the coming months with financial forecasts being refreshed if and when the picture becomes clearer.

7. Explanation of the Financial Statements

City's Cash financial statements for the year ended 31 March 2016 have been prepared in accordance with Financial Reporting Standard 102 (FRS102) as issued by the Financial Reporting Council for accounting periods on or after 1 January 2015. Prior to the adoption of FRS102 City's Cash financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), referred to below as 'previous UK GAAP'. City's Cash last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015.

Note 1 to the consolidated financial statements on page 27 describes the differences between the funds and surplus presented under the previous UK GAAP and the newly presented amounts under FRS102 for the reporting period ended at 31 March 2015 (ie comparative information), as well as the funds presented in the opening statement of financial position (ie at 1 April 2014). It also describes the changes in accounting policies made on first-time adoption of FRS102.

The City's Cash financial statements consist of the following:

- Consolidated Statement of Comprehensive Income showing all resources available and all expenditure incurred,
- Consolidated Statement of Financial Position setting out the assets, liabilities and funds of City's Cash,
- Consolidated Statement of Changes in Equity which includes the profit or loss for the period together with other recognised gains and losses and reconciles to the total movement in reserves,
- Consolidated Statement of Cash Flows showing the movement of cash for the year, and
- Notes to the financial statements explaining the accounting policies adopted and explanations of figures contained in the financial statements.

The following separate entities have been consolidated with City's Cash accounts:

- Registered charities which are managed and funded by the City Corporation:
 - Ashted Common,
 - Burnham Beeches,
 - Epping Forest,
 - Hampstead Heath
 - Hampstead Heath Trust,
 - Highgate Wood and Queen's Park Kilburn,
 - West Ham Park,
 - West Wickham Common, Spring Park Wood and Coulsdon and other Commons, and
 - Sir Thomas Gresham Charity.
- City Re Limited - a wholly owned subsidiary company whose principal activity is to provide re-insurance protection. The company was incorporated in Guernsey, registration number 52816, and the Directors' Report and Financial Statements are available at www.cityoflondon.gov.uk. The company allows the City to share in underwriting profits with a known capped downside financial risk of £250,000 per claim.

8. Disclosure of Information to Moore Stephens

At the date of approval of this report, the City of London Corporation confirms that:

- so far as it is aware, there is no relevant audit information of which Moore Stephens is unaware; and
- it has taken all the steps that it ought to have taken in order to make itself aware of any relevant audit information and to establish that Moore Stephens are aware of that information.

9. Responsibilities of the City of London Corporation for the Annual Report and Financial Statements

The City of London Corporation is responsible for preparing the Annual Report and Financial Statements for each financial year in accordance with applicable law and regulations. The City of London Corporation has elected to prepare the financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The financial statements would not be approved by the City of London Corporation unless it is satisfied that they give a true and fair view of the state of affairs of the organisation and of the

surplus or deficit of the organisation for that period. In preparing these financial statements, the City of London Corporation has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent;
- stated whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

The City of London Corporation is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the organisation and enable it to ensure that the financial statements comply with applicable law and regulations. It is also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The City of London Corporation is responsible for the maintenance and integrity of the corporate and financial information included in its website.

Adoption of the Annual Report and Financial Statements

At a meeting of the Finance Committee held at Guildhall on 15 November 2016, the financial statements of City's Cash were approved on behalf of the Court of Common Council.

Jeremy Paul Mayhew MA MBA
Chairman of Finance Committee

Roger A. H. Chadwick
Deputy Chairman of Finance Committee

Guildhall, London.
15 November 2016

Independent Auditor's Report to the City of London Corporation

We have audited the financial statements of the portion of the City of London Corporation called City's Cash for the year ended 31 March 2016 which are set out on pages 15 to 63. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the City of London Corporation in accordance with our terms of engagement. Our audit work has been undertaken so that we might state to the City of London Corporation those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than City's Cash and the City of London Corporation as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the City of London Corporation and auditor

As explained more fully in the Statement of Responsibilities of the City of London Corporation set out on pages 9 to 10, the City of London Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and City's Cash's affairs as at 31 March 2016 and of the group's deficit for the year then ended; and

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Date:

Moore Stephens LLP
Chartered Accountants and Registered Auditor
150 Aldersgate Street
London
EC1A 4AB

Report of the Audit Review Panel to the Right Honourable the Lord Mayor, Aldermen and Livery of the several Companies of the City of London in Common Hall assembled

We, whose names are hereunto subscribed, the Audit Review Panel of the Chamberlain's and Bridgemasters' Accounts, elected by the Livery of London in Common Hall assembled on 24 June 2014, 25 June 2015 and 24 June 2016 pursuant to Act 11, George 1, Cap 18, an Act for regulating elections within the City of London, etc., do report as follows:

We have reviewed the processes adopted by Moore Stephens LLP for the audit of City's Cash for the period from 1 April 2015 to 31 March 2016.

In our view the audit of the financial statements has been conducted in accordance with auditing procedures as stated on pages 12 and 13.

This report is made solely to the above named addressees. Our work has been undertaken to enable us to make this report and for no other purpose.

S. Barnsdall

A. Francis

M. McDonagh

P. Watts

The Moore Stephens LLP Public Sector Partner, Nicholas Bennett, is also a member of the Audit Review Panel. However, as the role of the Panel is to provide independent confirmation that the processes adopted by Moore Stephens LLP have been conducted in accordance with auditing procedures, it is not appropriate for Nicholas Bennett to sign the report.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2016

| | Notes | 2016 £m | 2015 Restated £m |
|--|------------|---------------|------------------------|
| Income | | | |
| Education | | 58.0 | 55.7 |
| Investment Income - property and managed funds | 2 | 57.0 | 56.8 |
| Markets | | 10.5 | 10.9 |
| Open Spaces | | 4.2 | 4.5 |
| City Representation | | 0.8 | 0.7 |
| Economic Development | | 0.4 | 0.4 |
| Other activities | | 0.9 | 1.0 |
| Total Income | | 131.8 | 130.0 |
| Expenditure | | | |
| Education | | 71.4 | 70.0 |
| Open Spaces | | 21.5 | 21.2 |
| Investments - Management Costs and Property Operating Expenditure | 3 | 19.4 | 19.0 |
| City Representation | | 12.3 | 12.2 |
| Markets | | 10.4 | 11.8 |
| Management and Administration | | 7.7 | 8.0 |
| Grants and other activities | | 6.6 | 6.3 |
| Net pension scheme costs | 17c | 7.1 | 2.6 |
| Economic Development | | 3.8 | 3.3 |
| Total Expenditure | 3, 4 and 5 | 160.2 | 154.4 |
| Operating surplus / (deficit) before gain / (loss) in fair value of investments | | (28.4) | (24.4) |
| Gain in fair value of property investments | | 222.5 | 186.7 |
| Gain/(loss) in fair value of non-property investments | 9 | (8.4) | 70.6 |
| Operating surplus | | 185.7 | 232.9 |
| Profit on Sale of Fixed Assets | | 7.5 | 14.3 |
| Net financing income / (costs) attributable to pension schemes | 17c | (8.3) | 0.1 |
| Surplus before taxation | | 184.9 | 247.3 |
| Taxation | 6 | - | - |
| Surplus for the financial year | | 184.9 | 247.3 |

All amounts relate to continuing operations.

The notes on pages 19 to 63 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 March 2016

| | Notes | 2016 £m | 2015 Restated £m |
|---|-------|----------------|------------------------|
| Fixed Assets | | | |
| Investment properties | 7 | 1,601.8 | 1,313.0 |
| Tangible assets | 7 | 179.8 | 175.9 |
| Heritage assets | 8 | 182.1 | 182.2 |
| Non-property investments | 9 | 596.7 | 627.1 |
| Intangible assets | 10 | 1.0 | 1.1 |
| Total Fixed Assets | | 2,561.4 | 2,299.3 |
| Current Assets | | | |
| Stocks - finished goods | 12 | 0.4 | 0.3 |
| Debtors | 13 | 31.8 | 27.4 |
| Non-property investments | 9 | 67.1 | 105.3 |
| Cash at bank and in hand | | 11.1 | 22.1 |
| Total Current Assets | | 110.4 | 155.1 |
| Creditors: amounts falling due within one year | 14 | 56.7 | 58.2 |
| Deferred income | 15 | 40.1 | 20.0 |
| Net Current Assets | | 13.6 | 76.9 |
| Total Assets less Current Liabilities | | 2,575.0 | 2,376.2 |
| Provisions for liabilities | 16 | 1.8 | 1.5 |
| Net Assets excluding pension liability | | 2,573.2 | 2,374.7 |
| Defined benefit pension scheme liability | 17 | 244.2 | 254.1 |
| Net Assets | | 2,329.0 | 2,120.6 |
| Capital and Reserves | | | |
| Operational Capital Reserve | | 180.8 | 177.0 |
| Heritage Assets Reserve | | 182.1 | 182.2 |
| Income Generating Fund | | 2,198.5 | 1,940.1 |
| Working Capital Fund | | 11.8 | 75.4 |
| Pension Reserve | 17 | (244.2) | (254.1) |
| Total Capital Employed | 18 | 2,329.0 | 2,120.6 |

Authorised for issue 15 November 2016

Dr Peter Kane, Chamberlain of London

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

| | Notes | 2016 £m | 2015 Restated £m |
|--|-------|---------------------|------------------------|
| Comprehensive income | | | |
| Surplus for the financial year | | <u>184.9</u> | <u>247.3</u> |
| Other comprehensive income | | | |
| Loss / (gain) on revaluation of listed investments | 9 | (1.8) | 1.9 |
| Actuarial gain / (loss) on defined benefit pension schemes | 17 | <u>25.3</u> | <u>(53.2)</u> |
| Total other comprehensive income | | <u>23.5</u> | <u>(51.3)</u> |
| Total comprehensive income | | <u><u>208.4</u></u> | <u><u>196.0</u></u> |

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

| | Notes | 2016 £m | 2015 £m |
|---|-------|---------------|--------------|
| Cash flows from operating activities: | | | |
| Net cash provided by (used in) operating activities | 19 | <u>(21.4)</u> | <u>(5.3)</u> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 1.7 | 2.0 |
| Cash taken from/(invested in) short term deposits | | 38.2 | (23.5) |
| Proceeds from the sale of property, plant and equipment | | 7.8 | 22.0 |
| Purchase of property, plant and equipment | | (11.3) | (9.6) |
| Proceeds from sale of investments | | 87.8 | 27.9 |
| Purchase of investments | | (134.1) | (25.2) |
| Receipt of capital contributions - deferred to later years | | 20.3 | 20.0 |
| Net cash provided by (used in) investing activities | | <u>10.4</u> | <u>13.6</u> |
| Cash flows from financing activities: | | | |
| | | <u>-</u> | <u>-</u> |
| Increase/(decrease) in cash in the year | | <u>(11.0)</u> | <u>8.3</u> |
| Change in cash and cash equivalents in the reporting period | | (11.0) | 8.3 |
| Cash and cash equivalents at the beginning of the reporting period | | 22.1 | 13.8 |
| Change in cash and cash equivalents due to exchange rate movements | | - | - |
| Cash and cash equivalents at end of year | | <u>11.1</u> | <u>22.1</u> |

Statement of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are summarised below. They have all been applied consistently throughout the year and to the comparative figures in dealing with items which are considered material in relation to the City's Cash financial statements.

a) **Basis of preparation**

The City of London Corporation has chosen to prepare the City's Cash consolidated financial statements in accordance with Financial Reporting Standard 102 (FRS102) as issued by the Financial Reporting Council for accounting periods on or after 1 January 2015.

Prior to the adoption of FRS102 the consolidated financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), as issued by the Financial Reporting Council, and referred to as 'previous UK GAAP'. City's Cash last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS102 is 1 April 2014 and the financial effects of the transition to FRS102 are set out in note 1 on page 27.

b) **Going Concern**

In the opinion of the Corporation, City's Cash is a going concern for the foreseeable future as it annually receives considerable income from its property and non-property investments. This income is considered in the context of a rolling medium term financial forecast to ensure that services are affordable and sustainable. Cash and liquid investments are monitored and maintained at a level to ensure that sufficient resources are available to finance any in-year deficits.

c) **Consolidation**

The City's Cash financial statements consolidate the financial results of the services provided directly, including ceremonial, schools and markets; City Re Ltd. a wholly-owned subsidiary whose principal activity is to provide re-insurance protection; trust funds in respect of seven open spaces; and the Sir Thomas Gresham Charity. In the case of charities and trusts, the overriding rationale for consolidation of the trusts is that the City of London Corporation is the Trustee and thereby effectively exercises control over the trusts' activities.

d) **Income and expenditure**

The accounts of City's Cash are maintained on an accruals basis. Consequently, activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular;

- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to City's Cash.
- Revenue from the provision of services is recognised when the percentage of completion of the transaction can be measured reliably and it is probable that economic benefits or service potential associated with the transaction will flow to City's Cash.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments is accounted for as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Financial assets are derecognised when the contractual rights to the cash flows from the assets expire, or when City's Cash has transferred substantially all the risks of and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

e) **Deferred income**

Lease premiums relating to operating leases are treated as deferred income and released to revenue over the life of the lease.

f) **Government Grants and Other Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations for purposes other than capital expenditure (see note e above) are recognised as income at the date that the conditions of entitlement to the grant/contribution are satisfied, when there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Where a grant or contribution has been received but the conditions of entitlement have not been satisfied, the grant or contribution is treated as a receipt in advance.

g) **Tangible fixed assets – operational properties, infrastructure, vehicles, plant and equipment**

These are assets held and used for the direct delivery of services. They are carried at historic cost less depreciation on a straight line basis to write off their costs over their estimated useful lives. Depreciation is charged from the year following that of acquisition. Land is not depreciated.

Typical asset lives are as follows:

| | Years |
|---|----------|
| Buildings - freehold | 10 to 50 |
| Plant and Machinery (including the following components): | |
| Plant | 10 to 20 |
| Furniture and Equipment | 3 to 15 |
| Vehicles | 3 to 10 |

Assets costing less than £50,000 are generally charged to the Consolidated Income and Expenditure Account in full in the year of purchase, although assets which cost less than £50,000 individually may be grouped together and capitalised.

h) **Tangible fixed assets – Freehold investment properties**

These are assets held to earn rental income and/or for capital appreciation which are revalued annually to fair value as at 31 March. Gains or losses arising from changes in the fair value of investment property are included in the Consolidated Statement of Comprehensive Income.

Depreciation is not provided in respect of freehold investment properties.

i) **Assets under construction**

Payments made to contractors for works completed to date are included within fixed assets pending the asset being recognised as operational. No depreciation is charged on such assets.

j) **Impairments**

An impairment loss arises if the carrying amount of an asset exceeds its recoverable amount. This could be caused by such factors as a significant decline in an asset's value during the period (i.e. more than expected as a result of the passage of time, normal use or general revaluation), evidence of obsolescence or physical damage of an asset, a commitment to undertake a significant reorganisation, or a significant adverse change in the statutory or other regulatory environment. An annual assessment takes place as to whether there is any indication that property assets may be impaired.

An impairment loss on investment property is treated as a revaluation movement which is included in the Consolidated Statement of Comprehensive Income.

An impairment loss on operational assets or heritage assets would be recognised in the Consolidated Statement of Comprehensive Income. The reversal of an impairment loss on operational or heritage property, previously recognised in the Consolidated Statement of Comprehensive Income, will not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

k) **De-recognition**

The carrying amount of an item of property, plant and equipment is derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from de-recognition of an asset is the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The gain or loss arising from de-recognition of an asset is included in the Consolidated Statement of Comprehensive Income.

l) **Heritage Assets**

City's Cash heritage assets largely comprise art and sculpture treasures valued, in accordance with FRS102, at cost, or where cost cannot be readily identified, on the basis of available information, as a proxy for cost.

As heritage assets have indeterminate lives and potentially high residual values, no depreciation is charged. All expenditure on subsequent preservation, conservation, accessibility, etc. is charged directly to the Consolidated Statement of Comprehensive Income.

m) **Financial Assets and Liabilities**

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102. All financial instruments held by City's Cash are basic financial instruments.

n) **Non-property Investment Assets**

Non-property investment assets are held in accordance with the investment policy set by the City of London Corporation. FTSE 100 Company investments are valued at the Stock Exchange

Trading System (SETS) price at 31 March. Other quoted investments are valued at the middle market price at the close of business on 31 March. Unquoted investments are included at a valuation advised by the Fund Managers.

Non-property investment assets have been accounted for at 'fair value through profit and loss'.

Income generated by non-property investment assets remains within the fund to be reinvested, with City's Cash drawing down income (realising gains or losses) as required. As a consequence, the operating surplus or loss within the Consolidated Statement of Comprehensive Income includes the gain or loss in fair value on all non-property investments.

o) **Intangible Assets**

Intangible assets comprise computer systems and software licences which are capitalised at cost and reflected within the financial statements at amortised historic cost.

Amortisation is calculated by allocation of the balance sheet value of the asset, less any residual value, to the periods expected to benefit from its use on a straight line basis over 3 to 7 years.

Amortisation charges are charged to service revenue accounts.

p) **Leases**

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. City's Cash did not have any finance leases as at 31 March 2016. All other leases are classified as operating leases.

Operating leases

City's Cash as lessee

Rentals payable are charged to revenue on a straight-line basis even if the payments are not made on such a basis unless another systematic and rational basis is more representative of the benefits received.

City's Cash as lessor

Assets subject to operating leases are included in the Consolidated Statement of Financial Position according to the nature of the assets. Rental income from operating leases, excluding charges for services such as insurance and maintenance, are recognised on a straight-line basis over the period of the lease, even if the payments are not received on this basis (e.g. due to lease incentives, premiums, etc), unless another systematic and rational basis is more representative of the time pattern in which the benefits derived from the leased asset are diminished.

Lease Incentives

Benefits received and receivable as an incentive to sign a lease are spread on a straight-line basis over the lease term in accordance with FRS102.

q) **Contingent Assets**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the City. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the debtor (or cash where consideration has been received) and the related

revenue are recognised in the financial statements of the period in which the change in circumstances occurs. Where an inflow of economic benefits or service potential is probable (rather than virtually certain) and can be reliably measured, contingent assets are disclosed as notes to the accounts.

r) **Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the City. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. If it becomes probable that an outflow of future economic benefits or service potential will be required for an item previously dealt with as a note to the accounts, a provision is recognised in the financial statements for the period in which the change in probability occurs (except in circumstances where no reliable estimate can be made). Where a contingent liability exists, but a reliable estimate cannot be made, a note is disclosed in the accounts unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

s) **Provisions**

Provisions are made where an event has taken place that gives the City a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the City may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation. Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the City becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Consolidated Statement of Financial Position. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the City settles the obligation.

t) **Cash**

Cash comprises funds repayable to the City without penalty on notice within 24 hours, less cheques and BACS payments issued but not presented.

u) **Stocks of Finished Goods**

Stocks of finished goods are valued at the lower of cost or net realisable value.

v) **Pension Costs**

Non-Teaching Staff

The City of London Corporation operates a funded defined benefit pension scheme for its staff employed on activities relating to its three funds (i.e. City Fund, City's Cash and Bridge House Estates). The scheme is based on final salary and length of service on retirement. Changes to the Scheme came into effect from 1 April 2014 and any benefits accrued from this date will be based on career average revalued salary, with various protections in place for those members in the Scheme before the changes took effect.

The Pension Fund is the responsibility of the City of London as a whole, which is one employer, and not the responsibility of any of its three funds. City's Cash does not have an exclusive relationship with the City of London Pension Fund. Although the proportion of the Pension Fund that relates to City of London employee members engaged on City's Cash is not separately identifiable, a share of the total Pension Fund has been allocated to City's Cash based on employer's pension contributions paid into the Fund by City's Cash as a proportion of total employer's contributions paid.

For the defined benefit scheme the amounts charged in resources expended are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Consolidated Statement of Comprehensive Income if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and expected return on the assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

The assets of the scheme are held separately from those in City's Cash, and are invested by independent fund managers appointed by the Corporation of London. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis by a qualified actuary using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after net assets on the face of the Consolidated Statement of Financial Position.

Barnett Waddingham, an independent actuary, carried out the latest triennial actuarial assessment of the scheme as at 31 March 2016, on an FRS102 basis using the projected unit method. The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2019 to 31 March 2022.

Pension Costs – Teachers

The payment of pensions to former teachers is the responsibility of the Teachers' Pension Scheme (the Scheme). Consequently, teachers' pension fund contributions, together with the employer's contributions, are paid by the City of London to the Scheme. The Scheme is a multi-employer defined benefit statutory scheme administered in accordance with the Teachers' Pension Scheme Regulations 2014.

The Scheme is funded on a notionally funded basis – no actual assets back the liabilities but a notional Fund is constructed for the purposes of setting employer contributions. Contributions are set every four years as a result of the actuarial valuation of the Scheme by the Government Actuary's Department on behalf of the Secretary of State.

Under FRS102, the employer participating in the Teachers' Pension Scheme must recognise the expected present value of all future deficit contributions on their Consolidated Statement of Financial Position. As it is not possible to identify the assets and liabilities at individual employer level, the expected present value of the deficit contributions has been calculated by Barnett Waddingham, an independent actuary, based upon pensionable pay at 31 March 2016, the Scheme's deficit contribution rate at 31 March 2016 and an actuarial factor based on the deficit recovery period and the adopted assumptions.

- w) **Statutory Deductions from Pay**
The City of London Corporation accounts centrally for salary and wage deductions. Consequently, the City's Cash accounts treat all sums due to the HMRC as having been paid.
- x) **Foreign Currencies**
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Consolidated Statement of Financial Position date and the gains or losses on translation are written on / off to revenue account.
- y) **Tax**
The City of London Corporation is a single legal entity and legislation treats it as a local authority for tax purposes. VAT is recovered from HMRC on supplies received, and paid to HMRC on supplies made. All transactions are therefore included without VAT. The City of London Corporation is exempt from income and corporation tax.

City Re Limited, a wholly-owned subsidiary of the City of London Corporation in its City's Cash capacity, conforms to the tax requirements for Guernsey companies.
- z) **Overheads**
The costs of support service overheads, with the exception of expenditure on corporate and democratic activities, are generally apportioned between all services on the basis of employee time spent or other resources consumed on behalf of user services. Similarly, with the exception of vacant properties, the costs of support service buildings are apportioned on the basis of the office area utilised by each service.
- aa) **Reserves**
A number of reserves are held as endowment funds or restricted funds received by the City Corporation for specified purposes as set out in note 18.
- bb) **Critical Judgements in Applying Accounting Policies**
In applying accounting policies the City Corporation has to make certain judgements about complex transactions or those involving uncertainty about future events. Apart from those disclosed in this Statement of Significant Accounting Policies and those involving estimations (see note cc), there are no critical judgements that management has made in the process of applying the City's accounting policies that will have a material effect on the amounts recognised in the financial statements.
- cc) **Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**
The Statement of Accounts contains estimated figures that are based on assumptions made by the City about the future or that are otherwise uncertain. The estimates and associated assumptions are continually reviewed and are based on historical experience and other factors including expectations of future events that are considered to be reasonable under the circumstances. However, because balances cannot be determined with certainty, actual results could be materially different from those estimates. Changes in accounting estimates may be necessary if there are changes in circumstances on which the estimate was based, or as a result of new information or more experience. The estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

(i) ***Pension Benefits***

Estimation of the net liability to pay pensions depends on a number of complex adjustments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the City with expert advice about the assumptions to be applied.

The effect of changes in individual assumptions on the net pension's liability can be measured, but are complex and interact in a complex manner. For example the actuary determines the appropriate discount rate at the end of each year after taking account of the yield from a high quality bond of appropriate duration, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liabilities of £10.3m. Other key assumptions for pension obligations are based in part on current market conditions and demographic data. Additional information on pension schemes is given in note 17 on pages 48 to 55.

(ii) ***Property Valuations***

The carrying values of investment properties and heritage assets are primarily dependent on judgements of such variables as the state of the markets, location, condition of the properties/assets, indices etc. Valuation is an inexact science with assessments provided by different surveyors/experts rarely agreeing and with prices subsequently realised diverging from valuations. A reduction in estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. For example a 1% reduction in the value of investment properties and heritage assets would result in a reduction to reserves of £16.0m and £1.8m respectively. Conversely, a 1% increase in value would have the opposite effect.

However, the risk of material adjustments is mitigated by using the experience and knowledge of professional chartered surveyors/experts, both in-house staff and external firms. In addition, tests are undertaken to ensure that variations between the valuations of different surveyors, and between valuations and actual prices, are within reasonable tolerances.

Notes to the Consolidated Financial Statements

1. Transition to FRS102

City's Cash financial statements for the year ended 31 March 2016 have been prepared in accordance with Financial Reporting Standard 102 (FRS102) as issued by the Financial Reporting Council for accounting periods on or after 1 January 2015. Prior to the adoption of FRS102 City's Cash financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), referred to below as 'previous UK GAAP'. City's Cash last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS102 is 1 April 2014.

The transition to FRS102 has resulted in a number of changes in accounting policies compared to those used when applying previous UK GAAP.

The following explanatory notes to the financial statements describe the differences between the funds and income and expenditure presented under the previous UK GAAP and the newly presented amounts under FRS102 for the reporting period ended at 31 March 2015 (ie comparative information), as well as the funds presented in the opening statement of financial position (ie at 1 April 2014). It also describes the changes in accounting made on first-time adoption of FRS102.

In the table below funds determined in accordance with FRS102 are reconciled to funds determined in accordance with previous UK GAAP at both 1 April 2014 (the date of transition to FRS102) and 31 March 2015.

Reconciliation of funds determined in accordance with FRS102 to funds determined under previous UK GAAP:

| | Notes | At 1 April 2014 | | | At 31 March 2015 | | |
|---|----------|-----------------|----------------------|-----------------|------------------|----------------------|-----------------|
| | | Previous UKGAAP | Effect of Transition | Restated FRS102 | Previous UKGAAP | Effect of Transition | Restated FRS102 |
| | | £m | £m | £m | £m | £m | £m |
| Fixed Assets | | | | | | | |
| Investment properties | a2 | 1,120.0 | (3.7) | 1,116.3 | 1,318.0 | (5.0) | 1,313.0 |
| Tangible assets | | 174.5 | | 174.5 | 175.9 | | 175.9 |
| Heritage assets | | 182.2 | | 182.2 | 182.2 | | 182.2 |
| Non-property investments | | 568.6 | | 568.6 | 627.1 | | 627.1 |
| Intangible assets | | 0.0 | | 0.0 | 1.1 | | 1.1 |
| Total Fixed Assets | | 2,045.3 | (3.7) | 2,041.6 | 2,304.3 | (5.0) | 2,299.3 |
| Current Assets | | | | | | | |
| Stocks - finished goods | | 0.3 | | 0.3 | 0.3 | | 0.3 |
| Debtors | a1 | 31.2 | 3.7 | 34.9 | 22.4 | 5.0 | 27.4 |
| Non-property investments | | 81.8 | | 81.8 | 105.3 | | 105.3 |
| Cash at bank and in hand | | 13.8 | | 13.8 | 22.1 | | 22.1 |
| Total Current Assets | | 127.1 | 3.7 | 130.8 | 150.1 | 5.0 | 155.1 |
| Creditors: amounts falling due within one year | b | 46.7 | 0.8 | 47.5 | 57.4 | 0.8 | 58.2 |
| Deferred income | c | 66.8 | (66.8) | 0.0 | 80.4 | (60.4) | 20.0 |
| Net Current Assets | | 13.6 | 69.7 | 83.3 | 12.3 | 64.6 | 76.9 |
| Total Assets less Current Liabilities | | 2,058.9 | 66.0 | 2,124.9 | 2,316.6 | 59.6 | 2,376.2 |
| Provisions for liabilities | | 1.9 | | 1.9 | 1.5 | | 1.5 |
| Net Assets excluding pension liability | | 2,057.0 | 66.0 | 2,123.0 | 2,315.1 | 59.6 | 2,374.7 |
| Defined benefit pension scheme liability | d | 196.7 | 1.7 | 198.4 | 240.3 | 13.8 | 254.1 |
| Net Assets | | 1,860.3 | 64.3 | 1,924.6 | 2,074.8 | 45.8 | 2,120.6 |
| Capital and Reserves | | | | | | | |
| Operational Capital Reserve | | 174.5 | | 174.5 | 177.0 | | 177.0 |
| Heritage Assets Reserve | | 182.2 | | 182.2 | 182.2 | | 182.2 |
| Income Generating Fund | a2 | 1,688.6 | (3.7) | 1,684.9 | 1,945.1 | (5.0) | 1,940.1 |
| Working Capital Fund | a1, b, c | 11.7 | 69.7 | 81.4 | 10.8 | 64.6 | 75.4 |
| Pension Reserve | d | (196.7) | (1.7) | (198.4) | (240.3) | (13.8) | (254.1) |
| Total Capital Employed | | 1,860.3 | 64.3 | 1,924.6 | 2,074.8 | 45.8 | 2,120.6 |

Reconciliation of net movement in funds for the year ended 31 March 2015:

| | Notes | Previous UKGAAP | Gain on revaluation of investment properties | Lease incentives | Deferred income | Teachers' Pension Scheme | Restated FRS102 |
|--|----------|--------------------|---|---------------------|--------------------|--------------------------------|--------------------|
| | | £m | £m | £m | £m | £m | £m |
| Income | | | | | | | |
| Education | | 55.7 | | | | | 55.7 |
| Investment Income - property and managed funds | a1 | 55.5 | | 1.3 | | | 56.8 |
| Markets | | 10.9 | | | | | 10.9 |
| Open Spaces | | 4.5 | | | | | 4.5 |
| City Representation | | 0.7 | | | | | 0.7 |
| Economic Development | | 0.4 | | | | | 0.4 |
| Other activities | | 1.0 | | | | | 1.0 |
| Total Income | | 128.7 | 0.0 | 1.3 | 0.0 | 0.0 | 130.0 |
| Expenditure | | | | | | | |
| Education | | 70.0 | | | | | 70.0 |
| Open Spaces | | 21.2 | | | | | 21.2 |
| Investments | | 19.0 | | | | | 19.0 |
| City Representation | | 12.2 | | | | | 12.2 |
| Markets | | 11.8 | | | | | 11.8 |
| Management and Administration | | 8.0 | | | | | 8.0 |
| Grants and other activities | | 6.3 | | | | | 6.3 |
| Net pension scheme costs | | 2.6 | | | | | 2.6 |
| Economic Development | | 3.3 | | | | | 3.3 |
| Total Expenditure | | 154.4 | 0.0 | 0.0 | 0.0 | 0.0 | 154.4 |
| Operating surplus / (deficit) before gain / (loss) in fair value of investments | | (25.7) | 0.0 | 1.3 | 0.0 | 0.0 | (24.4) |
| Gain in fair value of property investments | e, a2, c | | 194.4 | (1.3) | (6.4) | | 186.7 |
| Gain in fair value of non-property investments | | 70.6 | | | | | 70.6 |
| Operating surplus | | 44.9 | 194.4 | 0.0 | (6.4) | 0.0 | 232.9 |
| Profit on Sale of Fixed Assets | | 14.3 | | | | | 14.3 |
| Net financing costs attributable to the pension scheme | | 0.1 | | | | | 0.1 |
| Surplus / (deficit) before taxation | | 59.3 | 194.4 | 0.0 | (6.4) | 0.0 | 247.3 |
| Taxation | | | | | | | 0.0 |
| Surplus / (deficit) for the financial year | | 59.3 | 194.4 | 0.0 | (6.4) | 0.0 | 247.3 |
| Other recognised gains / (losses) | | | | | | | |
| Gain on revaluation of investment properties | e | 194.4 | (194.4) | | | | 0.0 |
| Loss / (gain) on revaluation of listed investments | | 1.9 | | | | | 1.9 |
| Actuarial loss on defined benefit pension schemes | d | (41.1) | | | | (12.1) | (53.2) |
| | | 214.5 | 0.0 | 0.0 | (6.4) | (12.1) | 196.0 |

Notes:

- a1) Lease incentives – previous UK GAAP required lease incentives, which reduce rental income in the initial years of the lease, to be allocated over the shorter of the lease term and the period ending on the date from which it is expected the prevailing market rental will be payable. FRS102 now requires lease incentives to be allocated over the term of the lease. This change means that rental income is now ‘smoothed’ over a generally longer period which, at the transition date of 1 April 2014, led to an increase of £3.7m in the level of accrued rental income. The movement for the year ended 31 March 2015, was a further increase in accrued income of £1.3m.
- a2) Lease incentives - as the valuation of investment properties is partly based on future rental income (see change noted at a1 above), a corresponding reduction was made to the value of investment properties reflecting that a lower level of income will be recognised in later years.
- b) Holiday pay accruals – previous UK GAAP had no specific requirement to make accruals for employee entitlement to paid holiday leave not yet taken as at the year end. FRS102 explicitly requires accruals to be made for holiday pay as the employees earn the right to the paid leave. The initial provision recognised at the date of transition, 1 April 2014, was for the holiday entitlement arising in the year which was due but not taken (£0.8m). The movement in the provision for the year ended 31 March 2015 was also recognised as an effect of transition (nil movement).
- c) Deferred income – under previous UK GAAP grants and contributions relating to fixed assets were treated as deferred income and released to the, then titled, Consolidated Income and Expenditure Account over the expected useful lives of the assets concerned. FRS102 requires such income to now be recognised in the year of receipt where specific conditionality has not been applied by the grantor. Previously deferred income recognised at the transition date of 1 April 2014 was £66.8m, with a further adjustment of £6.4m in the year ended 31 March 2015.
- d) Teachers Pension Scheme – a number of employees working at the schools supported by City’s Cash participate in the Teachers’ Pension Scheme. Although the Scheme is a defined benefit plan, previous UK GAAP allowed the Scheme to be treated as a defined contribution scheme with the pension cost being the amount of contribution actually paid. However, FRS102 requires the employer to also account for the deficit contributions and set up a reserve to meet future deficit contributions (accounting policy note v on pages 23 and 24 provides further details on the Scheme). The Teachers Pension Scheme deficit recognised at the transition date of 1 April was £1.7m, which increased by £12.1m to £13.8m as at 31 March 2015.
- e) Gain on revaluation of investment properties – in accordance with FRS102, the gain on revaluation of investment properties (2014/15: £194.4m) is now a component of reported income. The gain, therefore, now impacts on the Operating surplus / (deficit) for the year, whereas under previous UK GAAP it did not and was recorded as a change in equity on the Statement of Total Recognised Gains and Losses, now called the Consolidated Statement of Changes in Equity under FRS102.

2. Income

Investment Income

Investment income relating to property and non-property investments comprises:

| | 2016 | 2015 |
|---|-------------|----------------|
| | £m | Restated £m |
| Dividends from non-property investments and interest on fund balances | 1.7 | 2.0 |
| Rentals, service charges and dilapidations income | 55.3 | 54.8 |
| Total investment income * | 57.0 | 56.8 |

* Rent receivable in 2015/16 in respect of operating leases was £48.3m (2014/15: £44.5m).

Education Income

Includes tuition fees, grants, donations and charges for the use of facilities.

Markets Income

Markets income includes rent and service charges from tenants and charges for the use of facilities.

Open Spaces Income

Income from government grants, other grants and donations and fees for the use of facilities.

3. Expenditure

Investment Management Costs

Expenses relating to property and non-property investments comprise:

| | 2016 | 2015 |
|--|-------------|-------------|
| | £m | £m |
| Non-property investments - management fees paid to fund managers | 5.1 | 3.6 |
| Property investment expenses | 14.3 | 15.4 |
| Total Investment Management Costs | 19.4 | 19.0 |

Property investment expenses comprise staff costs, repairs and maintenance costs, property running costs and professional fees relating to the management of the investment property portfolio.

Depreciation

The operating deficit is stated after charging depreciation amounting to £7.5m (2014/15: £7.1m).

Operating Lease Rentals

During the year of account City's Cash spent £0.6m on operating lease rentals in respect of premises (2014/15: £0.6m).

Auditor's remuneration

Remuneration to the external auditor (Moore Stephens LLP) for audit services relating to the year of account amounted to £88,200 (2014/15: £91,478). No other fees were payable to Moore Stephens LLP for non-audit services during the year (2014/15: nil).

Members expenses

Members do not receive any remuneration from the City of London Corporation for undertaking their duties. However, Members may claim travelling expenses in respect of activities outside the City and receive allowances in accordance with a scale when attending a conference or activity on behalf of the City of London Corporation. These costs totalling £9,348 (2014/15: £8,400) across all of the City's activities, were met in full by City's Cash.

4. Staff numbers and costs

Officers employed by the City of London Corporation work on a number of the City of London Corporation's activities. The table below sets out the number of full-time equivalent staff charged directly to City's Cash and their remuneration costs.

| | | |
|------------------------------|----------------|---------|
| The number of employees was: | 2016 | 2015 |
| | FTE | FTE |
| Investment properties | 17.7 | 17.0 |
| Education | 624.9 | 608.9 |
| Markets | 89.9 | 101.3 |
| Open spaces | 293.3 | 299.6 |
| City representation | 65.1 | 65.5 |
| Grants and other activities | 9.2 | 9.9 |
| Support Services | 208.5 | 239.9 |
| Total | 1,308.6 | 1,342.1 |

| | | | | | |
|-------------------------------|--------------|------------------|---------------------|-------------|----------|
| Their remuneration comprised: | Gross | National | Pension | 2016 | 2015 |
| | Pay | Insurance | Contribution | | Restated |
| | £m | £m | £m | £m | £m |
| Investment Management | 0.5 | - | 0.1 | 0.6 | 0.5 |
| Education | 32.8 | 2.7 | 4.7 | 40.2 | 38.7 |
| Markets | 3.0 | 0.2 | 0.5 | 3.7 | 4.0 |
| Open spaces | 8.8 | 0.6 | 1.4 | 10.8 | 10.9 |
| City representation | 2.8 | 0.3 | 0.4 | 3.5 | 3.4 |
| Grants and other activities | 0.5 | 0.1 | 0.0 | 0.6 | 0.6 |
| Support Services | 8.7 | 0.7 | 1.3 | 10.7 | 12.5 |
| Total | 57.1 | 4.6 | 8.4 | 70.1 | 70.6 |

5. Remuneration of senior employees

The number of staff earning more than £60,000 in bands of £10,000 is set out in table 1 below.

Table 1 - Remuneration in Bands

| Salary Range £ | Wholly charged to City's Cash | | Partially Charged to City's Cash | |
|-------------------|----------------------------------|---------|-------------------------------------|---------|
| | 2015/16 | 2014/15 | 2015/16 | 2014/15 |
| 60,000 - 69,999 | 76 | 64 | 48 | 45 |
| 70,000 - 79,999 | 17 | 17 | 18 | 12 |
| 80,000 - 89,999 | 9 | 1 | 7 | 2 |
| 90,000 - 99,999 | 2 | 0 | 3 | 7 |
| 100,000 - 109,999 | 3 | 5 | 6 | 6 |
| 110,000 - 119,999 | 2 | 2 | 6 | 2 |
| 120,000 - 129,999 | 1 | 1 | 2 | 2 |
| 130,000 - 139,999 | 3 | 4 | 1 | 0 |
| 140,000 - 149,999 | 1 | 0 | 0 | 2 |
| 150,000 - 159,999 | 0 | 1 | 1 | 1 |
| 160,000 - 169,999 | 2 | 0 | 1 | 0 |
| 220,000 - 229,999 | 0 | 1 | 1 | 1 |
| 230,000 - 239,000 | 0 | 0 | 1 | 0 |

Where there are no officers in a band, that band has not been included in the table.

To provide consistency with the disclosure in the City Fund Financial Statements, tables 2 and 3 set out information for 2015/16 and 2014/15 respectively in accordance with Regulation 7 of the Accounts and Audit Regulations 2012.

Table 2 - 2015/16 remuneration for those senior employees required to be disclosed individually

| Post Title | Name | Notes | Proportion charged to City's Cash activities where less than 100% | Salary (including fees and allowances) | Bonus | Expenses | Benefits in kind | Total Remuneration excluding pension contributions 2015/16 | Pension Contributions | Total Remuneration including Pension Contributions 2015/16 |
|---|--------------|-------|---|--|-------|----------|------------------|--|-----------------------|--|
| | | | % | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Salary is £150,000 or more a year | | | | | | | | | | |
| Town Clerk and Chief Executive | J. Barradell | i | 40 | 94 | 0 | 0 | 0 | 94 | 16 | 110 |
| Chamberlain | P. Kane | i | 35 | 57 | 0 | 0 | 0 | 57 | 10 | 67 |
| Salary is between £50,000 and £150,000 | | | | | | | | | | |
| Deputy Town Clerk | - | i | 40 | 51 | 1 | 0 | 0 | 52 | 9 | 61 |
| Director of Culture, Heritage & Libraries | - | i | 5 | 5 | 0 | 0 | 0 | 5 | 1 | 6 |
| Comptroller & City Solicitor | - | i | 25 | 37 | 1 | 0 | 0 | 38 | 7 | 45 |
| City Surveyor (w.e.f 5 October 2015 works 3 days per week) | - | i | 45 | 49 | 2 | 0 | 0 | 51 | 0 | 51 |
| Head City of London School | - | | | 148 | 0 | 0 | 40 | 188 | 27 | 215 |
| Headmaster City of London Freeman's School - retired 31/08/2015 | - | | | 54 | 0 | 0 | 0 | 54 | 9 | 63 |
| Headmaster City of London Freeman's School - started 01/09/2015 | - | | | 70 | 0 | 0 | 0 | 70 | 13 | 83 |
| Headmistress City of London School for Girls | - | | | 109 | 0 | 0 | 47 | 156 | 20 | 176 |
| Remembrancer | - | | | 131 | 0 | 0 | 0 | 131 | 23 | 154 |
| Principal of the Guildhall School of Music & Drama | - | | | 129 | 2 | 0 | 11 | 142 | 0 | 142 |
| Private Secretary & Chief of Staff to the Lord Mayor | - | | | 111 | 3 | 0 | 0 | 114 | 0 | 114 |
| Director of Markets & Consumer Protection | - | i | 45 | 49 | 0 | 0 | 0 | 49 | 9 | 58 |
| Director of Open Spaces | - | i | 70 | 67 | 2 | 1 | 3 | 73 | 13 | 86 |
| | | | | 1,161 | 11 | 1 | 101 | 1,274 | 157 | 1,431 |

Table 3 - 2014/15 remuneration for those senior employees required to be disclosed individually

| Post Title | Name | Notes | Proportion charged to City's Cash activities where less than 100% | Salary (including fees and allowances) | Bonus | Expenses | Benefits in kind | Total Remuneration excluding pension contributions 2014/15 | Pension Contributions | Total Remuneration including Pension Contributions 2014/15 |
|---|--------------|-------|---|--|-------|----------|------------------|--|-----------------------|--|
| | | | % | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Salary is £150,000 or more a year | | | | | | | | | | |
| Town Clerk and Chief Executive | J. Barradell | i | 40 | 89 | 0 | 0 | 0 | 89 | 16 | 105 |
| Chamberlain - retired 5 May 2014 | C. Bilsland | i | 35 | 6 | 0 | 0 | 0 | 6 | 0 | 6 |
| Chamberlain - started 31 March 2014 | P. Kane | i | 35 | 55 | 0 | 0 | 0 | 55 | 10 | 65 |
| Salary is between £50,000 and £150,000 | | | | | | | | | | |
| Deputy Town Clerk | - | i | 40 | 50 | 1 | 0 | 0 | 51 | 9 | 60 |
| Director of Culture, Heritage & Libraries | - | i | 5 | 5 | 0 | 0 | 0 | 5 | 1 | 6 |
| Comptroller & City Solicitor | - | i | 25 | 35 | 0 | 0 | 0 | 35 | 6 | 41 |
| City Surveyor | - | i | 45 | 63 | 2 | 0 | 0 | 65 | 0 | 65 |
| Head City of London School | - | | | 136 | 0 | 0 | 70 | 206 | 22 | 228 |
| Headmaster City of London Freeman's School | - | | | 129 | 0 | 0 | 0 | 129 | 21 | 150 |
| Headmistress City of London School for Girls - left 30 April 2014 | - | | | 11 | 0 | 0 | 0 | 11 | 0 | 11 |
| Headmistress City of London School for Girls - started 23 April 2014 | - | | | 103 | 0 | 0 | 52 | 155 | 17 | 172 |
| Remembrancer | - | | | 131 | 0 | 0 | 0 | 131 | 23 | 154 |
| Principal of the Guildhall School of Music & Drama | - | | | 130 | 2 | 0 | 38 | 170 | 0 | 170 |
| Private Secretary & Chief of Staff to the Lord Mayor | - | | | 109 | 3 | 0 | 0 | 112 | 0 | 112 |
| Director of Markets & Consumer Protection | - | i | 45 | 46 | 5 | 0 | 0 | 51 | 9 | 60 |
| Director of Open Spaces | - | i | 70 | 66 | 2 | 0 | 15 | 83 | 13 | 96 |
| | | | | 1,164 | 15 | 0 | 175 | 1,354 | 147 | 1,501 |

Notes to remuneration for senior employees disclosures:

- i. These officers provide services for the City of London Corporation's local authority and non-local authority activities. The remuneration included in tables 2 and 3 above relates to the proportion charged to City's Cash activities. The annualised salary for each of these officers is shown in table 4 below.
- ii. No payments were made in 2015/16 or 2014/15 for compensation for loss of office.

Table 4 - Annualised Salaries

| Post Title | Annualised Salary 2015/16 £000 | Annualised Salary 2014/15 £000 |
|---|---|---|
| Town Clerk and Chief Executive | 242 | 222 |
| Chamberlain | 165 | 175 |
| Comptroller & City Solicitor | 148 | 142 |
| City Surveyor * | 144 | 140 |
| Deputy Town Clerk | 129 | 125 |
| Director of Culture, Heritage & Libraries | 109 | 106 |
| Director of Markets & Consumer Protection | 111 | 104 |
| Director of Open Spaces | 97 | 93 |

* The City Surveyor works 3 days per week - the table shows the whole time equivalent salary.

6. Tax Status

The City of London Corporation is a single legal entity and legislation treats it as a local authority for tax purposes. City Re Limited, a wholly-owned subsidiary of the City of London Corporation in its City's Cash capacity, conforms to the tax requirements for Guernsey companies.

7. Investment Properties and other tangible fixed assets

Consolidated

| | Land and Buildings | | Plant | Assets | |
|-------------------------------|---------------------------|-----------------|------------------|---------------------|----------------|
| | Investment | Freehold | and | Under | Total |
| | Properties (c) | (a) | Machinery | Construction | £m |
| | £m | £m | £m | £m | £m |
| Cost / Valuation | | | | | |
| At 1 April 2015 (restated) | 1,313.0 | 177.6 | 35.4 | 4.3 | 1,530.3 |
| Additions | 66.5 | 0.4 | 1.2 | 9.4 | 77.5 |
| Revaluations | 222.5 | - | - | - | 222.5 |
| Disposals (b) | (0.2) | - | (0.2) | - | (0.4) |
| Transfers | - | - | - | - | - |
| At 31 March 2016 | <u>1,601.8</u> | <u>178.0</u> | <u>36.4</u> | <u>13.7</u> | <u>1,829.9</u> |
| Depreciation | | | | | |
| At 1 April 2015 | - | (23.9) | (17.5) | - | (41.4) |
| Charge for the year | - | (5.1) | (2.0) | - | (7.1) |
| Disposals | - | - | 0.2 | - | 0.2 |
| At 31 March 2016 | <u>-</u> | <u>(29.0)</u> | <u>(19.3)</u> | <u>-</u> | <u>(48.3)</u> |
| Net book value | | | | | |
| At 31 March 2015 | 1,313.0 | 153.7 | 17.9 | 4.3 | 1,488.9 |
| At 31 March 2016 | <u>1,601.8</u> | <u>149.0</u> | <u>17.1</u> | <u>13.7</u> | <u>1,781.6</u> |
| Leased assets included above: | | | | | |
| Net book value | | | | | |
| At 31 March 2015 | 2.1 | - | - | - | 2.1 |
| At 31 March 2016 | <u>3.5</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3.5</u> |

Notes:

- a) Freehold land and buildings includes items acquired since April 2000 on the basis of depreciated historic cost. Consequently some of the significant City's Cash assets (e.g. Mansion House, Guildhall Complex, Schools and Markets) are included at nil cost as they were generally acquired well before April 2000 and their original acquisition costs are no longer available. Subsequent expenditure on these assets is capitalised in line with accounting policies.
- b) (i) The disposal figure for investment properties of £0.2m represents the net carrying value. The profits on sales totalling £7.6m have been credited to the Consolidated Statement of Comprehensive Income.

- (ii) Freehold land and buildings are held at depreciated historic cost. During the year a number of assets which were included at nil costs and fully depreciated and with no residual value were disposed of for £0.2m (2014/15: £3.9m). The disposal proceeds have been credited to the Consolidated Statement of Comprehensive Income as a profit on the sale of fixed assets.
- c) The City Surveyor of the City of London Corporation, who is a fellow of the Royal Institution of Chartered Surveyors, values investment properties annually as at 31 March at market values determined in accordance with the “RICS Valuation –Professional Standards January 2014 edition” issued by the Royal Institution of Chartered Surveyors. Valuations are also provided by two external firms of chartered surveyors – Cushman and Wakefield and Jones Lang Lasalle Limited, with the externally valued properties representing some 36% of the Estates’ value as at 31 March 2016 (34% as at 31 March 2015). As detailed in accounting policies note g, all other tangible fixed assets are valued at historic cost less depreciation on a straight-line basis to write off their costs over their estimated useful lives and less any provision for impairment.
- d) City’s Cash did not incur any finance costs during the year ended 31 March 2016 (2014/15: nil) and no finance costs have been capitalised.

8. Heritage assets

Heritage assets are those with historical, artistic, scientific, technological, geophysical or environmental qualities which are maintained principally for their contribution to knowledge and culture. They are mainly held in trust for future generations.

Arising from its status and history, within its City’s Cash fund, the City holds numerous heritage assets primarily open spaces, art and sculpture, prints, drawings and statues.

The City Corporation looks after almost 11,000 acres of open spaces across London and beyond, including Hampstead Heath and Epping Forest. Some of the sites have been owned and managed since as far back as 1870, protecting them from development and preserving them as a natural resource. They include important wildlife habitats, Sites of Special Scientific Interest, National Nature Reserves and outdoor space for sport, recreation and enjoyment for the public.

The art and sculpture collection is maintained as “a Collection of Art Treasures worthy of the capital” and includes a range of paintings documenting London’s history. In addition, the City owns two heritage property assets, the Monument and Temple Bar, and two copies of the Magna Carta.

For some of the heritage assets the cost of obtaining reliable valuations in order to recognise them on the Balance Sheet outweighs the benefit of such recognition to the users of the financial statements. Furthermore, many of the assets are irreplaceable and/or there is often no active market for their sale, for example, valuations are not readily available for the original acquisition of open spaces land and their associated buildings, Monument, Temple Bar or the copies of the Magna Carta.

Nevertheless, the City’s art and sculpture treasures, which represent the vast majority of the heritage assets, and recently acquired open space land are recognised for inclusion on the

Consolidated Statement of Financial Position at a value of £182.1m (2014/15: £182.2m) as shown in the table below. Due to policy, budgetary and legal constraints there have been no significant acquisitions or disposals in the last five years.

| | Consolidated | |
|------------------------------------|---------------------|-------|
| | 2016 | 2015 |
| | £m | £m |
| Valuation | | |
| At 1 April | 182.2 | 182.2 |
| Additions | - | - |
| Disposals | (0.1) | - |
| At 31 March | 182.1 | 182.2 |
| Comprising: | | |
| Art and sculptures (notes a and b) | 181.7 | 181.8 |
| Forest land | 0.4 | 0.4 |
| | 182.1 | 182.2 |

Notes:

- a) The art works are included at cost, or where cost cannot be readily identified, on the basis of available information as a proxy for cost. Such information includes art market intelligence in relation to similar works, insurance requirements and some individual valuations from independent experts; and
- b) Sculptures were valued at replacement cost by independent experts Gurr Johns.
- c) Recent additions to forest land are recognised at cost.

All expenditure on preservation and conservation is recognised in the Consolidated Statement of Comprehensive Income when it is incurred.

Catalogues are maintained for the heritage assets and most of them are available for public viewing. The statues and properties (the Monument and Temple Bar) can be seen and experienced from the public highway, treasures on display at the Guildhall Art Gallery can be visited by anyone free of charge and most of the other assets, sometimes held within restricted areas such as the Mansion House, can be viewed by publicly available organised tours or by appointment.

9. Non-property investment assets

Analysis of movement in non-property investment assets:

| | Consolidated | |
|---|---------------------|--------------|
| | 2016 | 2015 |
| | £m | £m |
| Non-property investments held by fund managers: | | |
| Total investments at 1 April | 633.8 | 580.9 |
| Add: additions to investments at cost | 63.7 | 9.0 |
| Less disposals at market value | (62.7) | (7.9) |
| Add net gain on revaluation | (1.8) | 1.9 |
| Less realised investments | (25.1) | (20.7) |
| Gain / (loss) in fair value | (8.4) | 70.6 |
| Investments at 31 March | <u>599.5</u> | <u>633.8</u> |
| Non-property investments held by the City of London: | | |
| Total investments at 1 April | 98.6 | 69.5 |
| Change in short-term deposits and money market | (34.3) | 30.8 |
| Change in long term deposits | - | (1.7) |
| Investments at 31 March | <u>64.3</u> | <u>98.6</u> |
| Total investments as at 31 March are analysed between long-term and short-term investments as follows: | | |
| Long term | 596.7 | 627.1 |
| Short term | 67.1 | 105.3 |
| | <u>663.8</u> | <u>732.4</u> |

10. Intangible assets

During 2014/15 the City Corporation invested in an updated Oracle Business Intelligence system. This is recognised in these financial statements as an intangible asset on the basis of amortised historic cost at a value of £1.0m (2014/15: £1.1m).

| | Total £m |
|-------------------------|---------------------|
| Cost / Valuation | |
| At 1 April 2015 | 1.1 |
| Additions | 0.3 |
| At 31 March 2016 | <u>1.4</u> |
| Depreciation | |
| At 1 April 2015 | - |
| Charge for the year | (0.4) |
| At 31 March 2016 | <u>(0.4)</u> |
| Net book value | |
| At 31 March 2015 | <u>1.1</u> |
| At 31 March 2016 | <u>1.0</u> |

11. Nature and extent of Risks arising from Financial Instruments

The City Of London Corporation's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due
- Liquidity risk – the possibility that the City might not have enough funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise as a result of changes in such measures as interest rates and stock market movements

The City of London Corporation has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and sets treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code. The City's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a Central Treasury Team, under policies approved by the Court of Common Council in the annual treasury management strategy statement.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the City's customers. Deposits are not made with banks and financial institutions unless they are rated independently with a minimum "score" of Long term A and Short term F1 or are building societies with assets over £9bn (or which have a minimum credit rating "score" similar to that set for the banks). The City Corporation also invests in Money Market Funds, which are subject to a minimum credit rating of AAA/mmf. The lending list is reviewed on a regular basis using advice from credit rating agencies and in-house judgements based partially on credit default swap rates.

The creditworthiness of the counterparties on the City Corporation's lending list is carefully monitored. Security of the investments was paramount but with liquidity and yield also being considerations. By the end of the year, the City effectively had ten potential borrowers in the form of banks and building societies and it has been necessary to maintain relatively high levels of individual maximum lending limits to accommodate lending requirements. The lending limits attributable to HSBC, Barclays, Royal Bank of Scotland and Santander UK was maintained at maximum lending limits of £100m each, and Lloyds Bank was fixed at £150m (this organisation being the City's banker). The lending limit for the Nationwide Building Society was maintained at £120m. The maximum duration for such loans was fixed at three years. The lending limit for the Yorkshire, Coventry, Skipton and Leeds Building Societies was maintained at £20m each and the duration for such loans was fixed at 1 year. The list also contains three foreign banks with individual limits of £25m, being National Australia Bank, Australia and New Zealand Banking Group and Svenska Handelsbanken. The lending list also includes seven top rated Money Market Funds; Aberdeen Sterling Liquidity Fund, CCLA, Deutsche Liquidity Fund, Federated Liquidity Fund, Standard Life Liquidity Funds (formerly Ignis Liquidity Funds), Invesco, and Payden Sterling Reserve Fund. These funds effectively offer very short term liquidity for deposits.

The City's maximum exposure to credit risk in relation to its investments in banks and money market funds cannot be assessed generally, as the risk of any institution failing to make interest payments or failing to repay the principal sum would be mainly specific to each individual institution. No credit limits were exceeded during the reporting period and the City does not expect any losses from non-performance by any counterparty in relation to outstanding deposits.

| Bad debt provision | As at 31 March 2016 £m | As at 31 March 2015 £m |
|---------------------------|---|---|
| Less than three months | 3.1 | 1.8 |
| Three to six months | 0.1 | 0.2 |
| Six months to one year | 0.0 | 0.4 |
| More than one year | 0.1 | 0.1 |
| Total | 3.3 | 2.5 |

Liquidity risk

Liquidity risk is the risk that City's Cash is unable to meet its payment obligations as they fall due. There is no significant risk that City's Cash will be unable to raise finance to meet its commitments under financial instruments. At present, City's Cash has no borrowing exposure and has no plans to borrow to finance future capital expenditure. City's Cash will finance operations and growth by realising investments as appropriate to ensure the constant availability of an appropriate amount of reasonably priced funding to meet both current and future forecast requirements. All trade creditors are due to be paid in less than one year.

Market risk

Interest rate risk

Movements in interest rates would have an impact on City's Cash. For instance, a rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the Statement of Financial Activities will rise; and
- investments at fixed rates – the fair value of the assets will fall

The continuing low interest rates for 2015/16 had an adverse impact on the interest earnings of City's Cash, which is anticipated to continue in 2016/17. The Treasury Management Team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year.

If interest rates had been 1% higher, with all other variables held constant, the financial effect at 31 March 2016 would have been an increase in interest receivable of £1.1m for City's Cash.

Price Risk

Price risk is the risk of a decline in the value of a security or a portfolio. City's Cash minimises price risk through a strategy of diversification by holding a geographical spread of investments in the UK and overseas markets.

By taking the data available from the past three financial years, and making considered predictions of expected returns, in consultation with State Street Analytics, which is the firm the City of London uses for performance measurement, the following upwards/downwards movements in market price risk are reasonably possible for the 2016/17 reporting period.

Potential Market Movements

| Asset type | Change % |
|---------------------------------------|---------------------|
| Pooled fixed interest | 3.60 |
| UK equities | 9.51 |
| Global equities | 10.14 |
| Global multi - asset | 3.74 |
| Index - linked | 9.19 |
| Cash | 0.00 |
| Short-term UK deposits | 0.00 |
| Total non-property investments | 7.83 |

The potential percentage allowance for changes in asset values are within a one-standard deviation tolerance. Taking these changes, the potential increase/decrease in the market prices of the fund's assets have been derived, and provide a range of possible net asset values which would be available to meet the fund's liabilities.

| Asset type | Value £m | Change % | Value on increase £m | Value on decrease £m |
|---------------------------------------|---------------------|---------------------|-------------------------------------|-------------------------------------|
| Pooled fixed interest | 33.9 | 3.60 | 35.1 | 32.7 |
| UK equities | 150.3 | 9.51 | 164.6 | 136.0 |
| Global equities | 304.5 | 10.14 | 335.4 | 273.6 |
| Global multi - asset | 79.3 | 3.74 | 82.3 | 76.3 |
| Index - linked | 28.7 | 9.19 | 31.3 | 26.1 |
| Cash | 2.8 | 0.00 | 2.8 | 2.8 |
| Short-term UK deposits | 64.3 | 0.00 | 64.3 | 64.3 |
| Total non-property investments | 663.8 | 7.83 | 715.8 | 611.8 |

The percentage change for equities includes a grouping of listed and private equities and the equity funds categorised elsewhere as pooled unit trusts. The percentage change for bonds includes a grouping of government and corporate fixed interest securities. Separate consideration of the individual asset types is not available.

Foreign Currency Risk

Foreign currency risk (also known as foreign exchange risk or exchange rate risk) is a financial risk that exists when a financial transaction or asset/liability is denominated in a currency other than that of the base currency of a company or investor. The risk is that a movement in the exchange rate may cause a foreign currency investment's value to either decrease or increase when the investment is sold and converted back into the original currency.

The following table has been prepared in consultation with State Street Analytics to show the illustrative effect on City's Cash' asset values that would result from movements in exchange rates.

| Currency | Value £m | Change % | Value on increase £m | Value on decrease £m |
|---------------------------------------|--------------|-------------|----------------------------|----------------------------|
| North America investments | 209.8 | 7.43 | 225.4 | 194.2 |
| Europe (ex UK) investments | 94.9 | 6.46 | 101.0 | 88.8 |
| Asia Pacific investments | 43.5 | 8.06 | 47.0 | 40.0 |
| Emerging investments | 13.1 | 6.79 | 14.0 | 12.2 |
| Overseas total | 361.3 | | 387.4 | 335.2 |
| UK investments and cash | 238.2 | | 238.2 | 238.2 |
| Long-term UK deposits | 0.0 | | 0.0 | 0.0 |
| Short-term UK deposits | 64.3 | | 64.3 | 64.3 |
| Total non-property investments | 663.8 | | 689.9 | 637.7 |

12. Stocks of Finished Goods

A variety of purchased items are held in stock amounting to £0.4m (2014/15: £0.3m) to ensure responsive delivery of services, mainly relating to those provided at the City's open spaces, schools and ceremonial functions.

13. Debtors

| | Consolidated | |
|---|---------------------|-------------|
| | 2016 | 2015 |
| | | Restated |
| | £m | £m |
| Amounts falling due within one year: | | |
| Sundry debtors | 13.5 | 6.2 |
| Rental debtors | 9.8 | 12.5 |
| School Fees | 1.6 | 2.1 |
| Prepayments and accrued income | 4.1 | 3.9 |
| VAT | 1.8 | 1.2 |
| Accrued interest | 0.8 | 1.2 |
| | 31.6 | 27.1 |
| Amounts falling due after more than one year: | | |
| Sundry debtors | 0.2 | 0.3 |
| | 0.2 | 0.3 |
| | 31.8 | 27.4 |

14. Creditors – amounts falling due within one year

| | Consolidated | |
|---|---------------------|-------------|
| | 2016 | 2015 |
| | | Restated |
| | £m | £m |
| Sundry creditors | 32.7 | 32.0 |
| Rental income received in advance | 13.8 | 12.8 |
| Other receipts received in advance | 7.8 | 9.2 |
| Her Majesty's Revenue and Customs - VAT | 2.4 | 4.2 |
| | 56.7 | 58.2 |

15. Deferred income

| | Consolidated | |
|-------------------------------------|--------------|-------------|
| | 2016 | 2015 |
| | | Restated |
| | £m | £m |
| Lease premium income | | |
| - due within one year | 0.1 | 0.1 |
| - more than one year | 40.0 | 19.9 |
| Total lease premium income (note i) | <u>40.1</u> | <u>20.0</u> |

Note:

- i) A premium of £20m relating to an operating lease was received in 2014/15 and a further premium of £20.3m also relating to an operating lease was received in 2015/16. Both premiums have been deferred in accordance with accounting policies note e), and both are to be released over a 150 year lease term. Deferred income released to revenue in 2015/16 was £0.2m (2014/15: nil).

16. Provisions

City Re Limited has set aside £1.8m (2014/15: £1.5m) for the settlement of known insurance claims at the balance sheet date. The estimate is based on a case by case assessment of each claim and takes into account previous claims experience.

17. Pensions

City of London Corporation defined benefit pension scheme

The City of London Corporation operates a funded defined benefit pension scheme, The City of London Pension Fund, for its staff employed on activities relating to its three funds (i.e. City Fund, City's Cash and Bridge House Estates).

The assets of the scheme are held in a specific trust separately from those of the Corporation and contributions are paid to the scheme as agreed with the scheme's Trustees. As the proportion of the Pension Fund that relates to City's Cash is not separately identifiable, the share of pension contributions paid to the scheme by the Trust is calculated pro-rata to employer's contributions paid by each of the City of London Corporation contributors to the scheme.

Teachers' Pension Scheme

In addition to City of London Corporation employees being able to participate in the City of London Pension Fund, teachers at the City of London Corporation's four private schools are eligible to participate in the Teachers' Pension Scheme (TPS). Although the Scheme is a defined benefit plan, previous UK GAAP allowed the Scheme to be treated as a defined

contribution scheme with the pension cost being the amount of contribution actually paid. However, FRS102 requires the employer to also account for the deficit contributions and set up a reserve to meet future deficit contributions. Accordingly, the TPS deficit attributable to the City's four private schools of £12.5m (2015: £13.8m) is included in the Consolidated Statement of Financial Position.

The table below shows how the total pension deficit recorded on the Consolidated Statement of Financial Position of £244.2m (2015: £254.1m) is split between The City of London Pension Fund and the Teachers' Pension Scheme.

| Pension scheme liabilities | 2016 | 2015 |
|---|--------------|----------------|
| | £m | Restated £m |
| The City of London Pension Fund | 231.7 | 240.3 |
| The Teachers' Pension Scheme | 12.5 | 13.8 |
| Total pension scheme liabilities | 244.2 | 254.1 |

Accounting for The City of London Pension Fund under FRS102

The full triennial actuarial valuation of the defined benefit scheme as at 31 March 2013 was updated to 31 March 2016, by Barnett Waddingham, an independent qualified actuary in accordance with FRS102. The defined benefit liabilities have been measured using the projected unit method as required by FRS102. The next actuarial valuation of the Scheme will be carried out as at 31 March 2016 and will set contributions for the period from 1 April 2017 to 31 March 2020.

The full actuarial valuation of the defined benefit scheme as at 31 March 2013 was updated to 31 March 2016, by an independent qualified actuary in accordance with FRS102. As required by FRS102, the defined benefit liabilities have been measured using the projected unit method.

The expected rate of return on the scheme's assets for the financial year ending 31 March 2016 was 7.0% p.a. (2015: 7.0% p.a.). This rate is based on the long-term future expected investment return for each asset class at the beginning of the period (i.e. as at 1 April 2016) for the year to 31 March 2017. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The return on equities is then assumed to be a margin above gilt yields.

At 31 March 2016, the actuarial deficit on City's Cash's share of the Scheme was £231.7m (2015: £240.3m). City's Cash's share of the market value of the Schemes' assets was £349.7m (2015: £362.9m).

The estimated amount of total employer contributions expected to be paid to the scheme by City's Cash during the year to 31 March 2017 is £10.4m (actual for year to 31 March 2016: £10.0m). This figure is calculated pro-rata to total contributions that will be payable by the City of London Corporation in accordance with the Schedule of Contributions towards the scheme's deficit.

(a) **Major assumptions by the actuary**

Financial

The financial assumptions used for the purposes of the FRS102 calculations are as follows:

| Assumptions as at 31 March | 2016 % per annum | 2015 % per annum | 2014 % per annum |
|-----------------------------------|---------------------------------|---------------------------------|---------------------------------|
| RPI increases | 3.2 | 3.2 | 3.6 |
| CPI increases | 2.3 | 2.4 | 2.8 |
| Salary increases | 3.8 | 3.9 | 4.3 |
| Pension increases | 2.3 | 2.4 | 2.8 |
| Discount rate | 3.6 | 3.3 | 4.4 |

Life expectancy

| Assumed life expectancy from age 65 years | Sex | 2016 | 2015 |
|--|------------|-------------|-------------|
| Age 65 retiring today | Male | 23.0 | 22.9 |
| Age 65 retiring today | Female | 25.4 | 25.3 |
| Retiring in 20 years | Male | 24.8 | 24.7 |
| Retiring in 20 years | Female | 27.3 | 27.2 |

The table reflects the change in the mortality tables used for the 31 March 2016 valuation and allowance is made for future improvements in life expectancy.

(b) **Amounts included in the Consolidated Statement of Financial Position**

The amounts included in the City's Cash Consolidated Statement of Financial Position (CSoFP) arising from the City of London Corporation Pension Fund's liabilities in respect of the defined benefit scheme for the current and previous two periods are as follows:

| Net Pension Asset as at | 2016 | | 2015 | | 2014 | |
|------------------------------------|-------------------------------------|---|-------------------------------------|---|-------------------------------------|---|
| | City's Cash Consolidated | City of London Corporation | City's Cash Consolidated | City of London Corporation | City's Cash Consolidated | City of London Corporation |
| | £m | £m | £m | £m | £m | £m |
| Fair value of fund assets (bid) | 349.7 | 728.6 | 362.8 | 752.3 | 325.2 | 663.6 |
| Funded liability present value | (578.5) | (1,205.2) | (599.7) | (1,243.4) | (518.6) | (1,058.3) |
| Net liability | (228.8) | (476.6) | (236.9) | (491.1) | (193.4) | (394.7) |
| Unfunded liability present value * | (2.9) | (6.1) | (3.4) | (7.1) | (3.3) | (6.7) |
| Net liability on CSoFP ** | (231.7) | (482.7) | (240.3) | (498.2) | (196.7) | (401.4) |

* £2.6m of the total unfunded liabilities as at 31 March 2016 relates to compensatory added years awarded prior to 1988.

** the total net pension fund liability shown on the Consolidated Statement of Financial Position is £244.2m (2014/15: £254.1m), which comprises the liability relating to the City of London Pension Fund of £231.7m (as shown in the table above) and a liability of £12.5m (2014/15: £13.8m) relating to the Teachers' Pension Scheme.

The net pension fund liability of £231.7m in the Consolidated Statement of Financial Position (2015: £240.3m) represents 48% of the total net balance sheet liability in the City of London Corporation Pension Fund Financial Statements.

(c) **Amounts recognised in the consolidated statement of comprehensive income**

| | 2016 | 2015 |
|---|---------------|--------|
| | £m | £m |
| Current service cost | (15.9) | (12.1) |
| Administration cost | (0.3) | - |
| Gains / (losses) on settlements and curtailments | (0.9) | (0.1) |
| Employer contributions | 9.7 | 9.3 |
| Unfunded pension payments | 0.3 | 0.3 |
| Net pension scheme costs | (7.1) | (2.6) |
| Return on pension scheme assets | 11.6 | 22.4 |
| Interest on pension scheme liabilities | (19.6) | (22.3) |
| Net finance income / (expenses) * | (8.0) | 0.1 |
| Net charge to Consolidated Statement of Comprehensive Income | (15.1) | (2.5) |

* the total value shown in the Consolidated Statement of Comprehensive Income for net financing expenses attributable to pension schemes amounts is £8.3m (2014/15: net income of £0.1m), which comprises expenses relating to the City of London Pension Fund of £8.0m (as shown in the table above) and expenses of £0.3m relating to the Teachers' Pension Scheme.

(d) **Amounts included in the Consolidated Statement of Changes in Equity**

| | 2016 | 2015 |
|---|---------------|--------|
| | £m | £m |
| Actual return less expected return on pension scheme assets | (11.3) | 25.0 |
| Experience gains and (losses) | 0.2 | (0.1) |
| Changes in assumptions underlying the present value of liabilities | 34.8 | (66.0) |
| | <hr/> | <hr/> |
| Actuarial gains/(losses) in pension scheme | 23.7 | (41.1) |
| Increase/(decrease) in irrecoverable surplus | - | - |
| | <hr/> | <hr/> |
| Actuarial gains/(losses) recognised in the Consolidated Statement of Changes in Equity * | 23.7 | (41.1) |

* the total value shown in the Consolidated Statement of Changes in Equity for actuarial gains is £25.3m (2014/15: loss of £53.2m), which comprises the actuarial gain relating to the City of London Pension Fund of £23.7m (as shown in the table above) and an actuarial gain of £1.6m relating to the Teachers' Pension Scheme.

(e) **Asset allocation**

The allocation of the scheme's assets at 31 March is as follows:

| Employer asset share - bid value | 2016 | | 2015 | |
|---|--------------|--------------------|-------------|-------------|
| | £m | % per annum | £m | % per annum |
| Equities | 218.9 | 63 | 305.9 | 85 |
| Gilts | n/a | n/a | 48.2 | 13 |
| Other bonds | n/a | n/a | n/a | n/a |
| Cash | (0.1) | 0 | 8.7 | 2 |
| Infrastructure | 14.1 | 4 | n/a | n/a |
| Absolute Return Portfolio | 116.8 | 33 | n/a | n/a |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total assets | 349.7 | 100 | 362.8 | 100 |

(f) Movement in the present value of scheme liabilities

Changes in the present value of the scheme liabilities over the year are as follows:

| Reconciliation of opening and closing balances of the present value of the defined benefit liability | 2016 £m | 2015 £m |
|---|-----------------------|-----------------------|
| Opening defined benefit liability | (603.1) | (521.9) |
| Current service cost | (15.9) | (12.1) |
| Past service cost | - | - |
| Interest cost | (19.6) | (22.3) |
| Actuarial gain / (losses) | 45.3 | (61.0) |
| Gains / (losses) on curtailments | (0.9) | (0.1) |
| Liabilities (assumed)/extinguished on settlements | (0.3) | 0.3 |
| Estimated benefits paid net of transfers in | 17.1 | 17.7 |
| Contributions by scheme participants | (4.3) | (4.0) |
| Unfunded pension payments | 0.3 | 0.3 |
| Closing defined benefit liability | <u>(581.4)</u> | <u>(603.1)</u> |

(g) Movement in the scheme net liability

The net movement in the scheme liabilities over the year are as follows:

| | 2016 £m | 2015 £m |
|---|-----------------------|-----------------------|
| Surplus (deficit) at the beginning of the year | (240.3) | (196.7) |
| Current service cost | (15.9) | (12.1) |
| Past service cost | - | - |
| Net interest | (8.0) | |
| Settlements and curtailments | (0.9) | (0.1) |
| Other finance income (expense) | (0.3) | 0.1 |
| Employers contributions | 9.7 | 9.3 |
| Unfunded pension payments | 0.3 | 0.3 |
| Actuarial gains / (losses) | 23.7 | (41.1) |
| Surplus (deficit) at the end of the year | <u>(231.7)</u> | <u>(240.3)</u> |

(h) **Movement in the present value of scheme assets**

Changes in the fair value of the scheme assets over the year are as follows:

| Reconciliation of opening and closing balances of the fair value of scheme assets | 2016 £m | 2015 £m |
|--|--------------------|--------------------|
| Opening fair value of scheme assets | 362.8 | 325.2 |
| Interest on assets | 11.6 | 22.4 |
| Return on assets less interest | (21.6) | 0.0 |
| Actuarial gains / (losses) | 0.0 | 19.9 |
| Administration expenses | (0.2) | 0.0 |
| Contributions by employer including unfunded | 10.0 | 9.5 |
| Contributions by scheme participants | 4.3 | 4.0 |
| Estimated benefits paid net of transfers in and including unfunded | (17.4) | (18.0) |
| Settlement prices received / (paid) | 0.2 | (0.2) |
| Closing value of scheme assets at end of period | 349.7 | 362.8 |

(i) **Historical information – Amounts for the current and previous periods**

The following amounts for 2012-2016 have been recognised under the “Actuarial gains and losses on defined benefit pension scheme” heading within the Consolidated Statement of Changes in Equity:

| | 2016 £m | 2015 £m | 2014 £m | 2013 £m | 2012 £m |
|--|--------------------|------------|------------|------------|------------|
| Present value of defined benefit liability | (581.4) | (603.1) | (521.9) | (484.5) | (443.7) |
| Fair value of scheme assets | 349.7 | 362.8 | 325.2 | 317.0 | 272.0 |
| Deficit in the scheme | (231.7) | (240.3) | (196.7) | (167.5) | (171.7) |
| Experience adjustments on scheme liabilities | 0.2 | (0.1) | 5.2 | - | (0.1) |
| Percentage of scheme liabilities | 0.0% | 0.0% | 1.0% | 0.0% | 0.0% |
| Experience adjustments on scheme assets | (21.6) | 19.9 | (5.8) | 30.3 | (24.7) |
| Percentage of scheme assets | (5.7%) | 4.6% | (1.8%) | 9.6% | (9.1%) |
| Cumulative actuarial gains and losses | (53.4) | (77.1) | (36.0) | (11.5) | (20.8) |

The cumulative gains and losses in the table above start from 1 April 2005.

j) Sensitivity analysis

Below is listed the impact on the Scheme liabilities of changing key assumptions whilst holding other assumptions constant.

| | £m | £m | £m |
|--|-----------|-----------|-----------|
| Adjustment to discount rate | 0.1% | 0.0% | (0.1%) |
| Present value of total liability | 571.3 | 581.4 | 591.7 |
| Projected service cost | 13.9 | 14.2 | 14.5 |
| Adjustment to long-term salary increase | 0.1% | 0.0% | (0.1%) |
| Present value of total liability | 582.6 | 581.4 | 580.2 |
| Projected service cost | 14.2 | 14.2 | 14.2 |
| Adjustment to pension increases and deferred revaluation | 0.1% | 0.0% | (0.1%) |
| Present value of total liability | 590.6 | 581.4 | 564.2 |
| Projected service cost | 14.5 | 14.2 | 13.9 |
| Adjustment to mortality age rating assumption | + 1 year | None | - 1 year |
| Present value of total liability | 599.1 | 581.4 | 564.2 |
| Projected service cost | 14.5 | 14.2 | 13.8 |

(k) Projected pension expense for the year to 31 March 2017

No allowance has been made for the costs of any early retirements or augmentations which may occur over the year and whose additional capitalised costs would be included in the liabilities. As it is only an estimate, actual experience over the year may differ. No balance sheet projections have been provided on the basis that they will depend upon market conditions and the asset value of the scheme at the end of the following year.

| | Projected Year to 31 March 2017 £m | Actual Year to 31 March 2016 £m |
|---|---|--|
| Service cost | 14.2 | 16.8 |
| Net interest on the defined liability/(asset) | 8.2 | 8.0 |
| Administration expenses | 0.2 | 0.3 |
| Total expense | 22.6 | 25.1 |
| | | |
| Employer contributions | 10.4 | 10.0 |

18. Capital and Reserves

| Consolidated | Balance restated at 1 April £m | Additions £m | Disposals £m | Depreciation £m | Unrealised Gains / (Losses) £m | Transfers £m | Balance at 31 March £m |
|---|-----------------------------------|-----------------|-----------------|--------------------|-----------------------------------|-----------------|-----------------------------------|
| Operational Capital | 177.0 | 11.3 | - | (7.5) | - | - | 180.8 |
| Heritage Assets Reserve | 182.2 | - | (0.1) | - | - | - | 182.1 |
| Income Generating Fund | | | | | | | |
| - Investment Properties | 38.3 | 66.5 | (0.2) | - | - | - | 104.6 |
| - Non-Property Investments | 627.1 | 67.6 | (87.8) | - | (10.2) | - | 596.7 |
| - Revaluation Reserve - Investment Properties | 1,274.7 | - | - | - | 222.5 | - | 1,497.2 |
| Income Generating Fund | 1,940.1 | 134.1 | (88.1) | - | 212.3 | - | 2,198.5 |
| Pension Reserve | (254.1) | - | (15.4) | - | 25.3 | - | (244.2) |
| Working Capital Fund | 75.4 | - | (63.6) | - | - | - | 11.8 |
| Total Capital and Reserves | 2,120.6 | 145.4 | (167.1) | (7.5) | 237.6 | - | 2,329.0 |

Notes to capital and reserves:

- Operational Capital – reflects the balance sheet amount for operational assets.
- Heritage Asset Reserve – reflects the balance sheet amount for heritage assets.
- Income Generating Fund – comprises the asset values of investment properties and non-property investment assets, which generate the income to fund City’s Cash activities and services.
- Working capital Fund – reflects the balance sheet amount for net assets.

19. Reconciliation of operating surplus / (deficit) to net cash flow provided by / (used in) operating activities

| | 2015/16 | 2014/15 |
|--|----------------|--------------|
| | £m | £m |
| Net income/(expenditure) for the reporting period | 185.7 | 232.9 |
| Adjustments for: | | |
| Depreciation charges | 7.5 | 7.1 |
| Net pension scheme costs | 7.1 | 2.6 |
| (Gains)/losses on non-property investments | 8.4 | (70.6) |
| (Gains)/losses on property investments | (222.5) | (193.1) |
| Dividends, interest and rents from investments | (1.7) | (2.0) |
| (Increase)/decrease in stock | (0.1) | - |
| (Increase)/decrease in debtors | (4.4) | 7.5 |
| Increase/(decrease) in creditors falling due within one year | (1.5) | 10.7 |
| Release of deferred income | (0.2) | - |
| Increase/(decrease) in provision | 0.3 | (0.4) |
| Net cash provided by / (used in) operating activities | (21.4) | (5.3) |

20. Financial commitments

Material (in excess of £3m) contractual capital commitments are as follows:

| | Consolidated | |
|-------------------------------------|---------------------|-------------|
| | 2016 | 2015 |
| | £m | £m |
| Contracted for but not provided for | | |
| - finance leases entered into | - | - |
| - other (note i) | 4.0 | - |
| | 4.0 | - |

Notes:

- i. The contractual commitment of £4m relates to flood mitigation works to the Hampstead Heath Ponds which are being undertaken in accordance with statutory requirements.
- ii. City's Cash has no material commitments under operating leases.
- iii. The City of London Corporation has agreed a £50m contribution to Crossrail from City's Cash subject to completion of the works. It is anticipated that the contribution will be made in equal instalments during 2018/19 and 2019/20. The agreement with Crossrail is considered to be an executory contract and therefore outside the scope of FRS102.

21. Related party transactions

All Members of the Committees governing City's Cash are appointed by the City of London Corporation to act on its behalf. The City of London Corporation also employs all staff. The costs of those staff employed directly on City's Cash activities are allocated to those activities accordingly.

The City of London Corporation provides support services for the activities undertaken by each of its funds. These support services include management, surveying, financial, banking, legal and administrative services. Where possible support service costs are allocated directly to the funds concerned. For those costs that cannot be directly allocated, apportionments are made between the City Corporation's funds on the basis of time spent. Premises costs are apportioned on the basis of areas occupied by services.

With regard to banking services, the City of London Corporation allocates all transactions to City's Cash at cost and credits or charges interest at a commercial rate.

The City of London Corporation also provides the above services to a number of charities. The cost of these services is borne by City's Cash in relation to most of these charities. A list of charities managed by the City of London Corporation is available on request from the Chamberlain.

City's Cash initially bears the full costs of corporate capital projects with the City's other funds, City Fund and Bridge House Estates, reimbursing their shares of expenditure in the years in which costs are accrued.

Transactions are undertaken by City's Cash on a normal commercial basis in compliance with the City's procedures irrespective of any possible interests.

As a matter of policy and procedure, the City of London Corporation ensures that Members and officers do not exercise control over decisions in which they have an interest.

Standing Orders

The City of London has adopted the following Standing Order in relation to declarations of personal and beneficial interests:

"If a matter for decision is under consideration by the Court, or any Committee thereof, in which a Member has a personal interest, he must declare the existence and nature of his interest in accordance with the Code of Conduct."

Disclosure

Members are required to disclose their interests and these can be viewed online at www.cityoflondon.gov.uk.

Members and Chief Officers have been requested to disclose related party transactions of £10,000 or more, including instances where their close family has made transactions with the City of London.

During 2015/16 the following transactions (rounded to the nearest thousand) were disclosed:

- a Member was a Director of Centre for London Ltd which received £20,000 sponsorship from City's Cash;
- a Member was a Board Member of London and Partners Ltd. City's Cash paid £25,000 for participation in exhibitions and partnership fees;
- a Member sat on the Innovate Finance Advisory Council which received £250,000 from City's Cash, being the second year payment towards the establishment of the organisation;
- the City Corporation nominated six Members to the various committees of London Councils and another Member declared that he had an independent place on a number of Committees. £1,016,000 was received by City's Cash for the provision of premises and services;

- the City Corporation nominated five Members to the Board of Governors of the City of London Academies Trust. Payments totalling £654,000 were made to the Trust relating to grants and funding for the creation of the multi academy trust;
- the City Corporation nominated four Members to the Board of Governors of the City of London Academy Hackney. Grants totalling £182,000 were paid to the Academy;
- the City Corporation nominated three Members to the Board of Governors of the City of London Academy Islington. Grants totalling £185,000 were paid to the Academy;
- the City Corporation nominated three Members to the Guild Church Council of St. Lawrence Jewry and three other Members declared places on the Council. The church received a grant of £83,000 from the City Corporation;
- the City Corporation nominated three Members to the City of London Reserve Forces and Cadets Association which was paid a grant of £42,000;
- a Member was a shareholder and managing director of a company leasing market premises for which £85,000 was received in rent and service charges;
- another Member was also a director of a company leasing market premises for which £298,000 was received in rent and service charges;
- two Members declared interests in PWC LLP which was paid £57,000 for consultancy services;
- The City Corporation nominated six Members to the Gresham College Council which received grants of £383,000 from City's Cash and paid £13,000 to City's Cash for hire of facilities;
- six Members and one Chief Officer were directors of the 'Lord Mayor's Show Ltd' which purchased services from City's Cash at a cost of £27,000;
- five Members were Governors or Almoners of Christ's Hospital which is paid £48,000 annually for a 'presentation' place to secure the right to present one child per year to enter the school;
- ten Members were Governors of King Edwards School Witley which was paid £416,000 for six full fee bursaries and funding to match money raised from other donors;
- two Members were on the Board of the Housing and Finance Institute for which City's Cash provided £40,000 as a founding member;
- four Members were Trustees of Crossrail Art Foundation which received £485,000 from City's Cash as match funding of the Crossrail Arts Strategy;
- two Members were on the Court of the City University which was paid £14,000 from City's Cash for validation, programme and staff development services;
- a Member was a Trustee of Thames Festival Trust which received £27,000 to support the Rivers of the World project;

- fifteen Members were part of the governance structure for the Irish Society which received £41,000 in grant funding;
- a Member declared that his accountants were RSM UK Group LLP who were paid £183,000 from City's Cash for auditing and consultancy services;
- a Member declared that the City's Cash auditors, Moore Stephens, also audit the livery company of which he is a Court member. Moore Stephens received £92,000 for the audit of City's Cash;
- the wife of a Member paid £49,000 to purchase a lease extension for a residential property;
- five Members and one Chief Officer were Trustees of City Arts Trust Ltd which paid £21,000 to City's Cash for premises costs and event fees;
- a Member sat on the New Entrepreneurs Foundation Council which received £20,000 sponsorship from City's Cash;
- four City Corporation Members were members of the City and Guilds of London Institute which paid £142,000 to City's Cash for office accommodation;
- a Chief Officer was Chairman of the London Parks and Green Spaces Forum (Parks London) which received £10,000 from City's Cash;
- a Member declared that he had an investment portfolio managed by Ruffer LLP which also managed an investment portfolio for City's Cash. Management fees paid to Ruffer were £385,000;
- a Member was Director of TheCityUK which received grants totalling £600,000 and paid £28,000 to City's Cash for premises costs;
- six Members were appointed as Governors of the Museum of London. City's Cash paid £305,000 to the Museum for the funding a number of initiatives and received £398,000 from the Museum for the provision of services.
- A Member was a Managing Director of Bank of New York Mellon which was custodian of City's Cash non-property investments. The bank was paid £15,000 from City's Cash for such services.
- Mr. S. LePrevost served as a director of City Re Limited and of the insurance manager, JLT Insurance Management (Guernsey) Limited during the period. Management fees paid in respect of the financial year totalled £52,038; and
- profit commission calculated at 1.5% of City Re Limited's profit before tax in the financial period is payable to the company manager JLT Insurance Management (Guernsey) Limited. An amount of £2,147 is payable as at 31 March 2016.

During 2014/15 the following transactions (rounded to the nearest thousand) were disclosed:

- a Member was a Director of Centre for London Ltd which received sponsorship and grants from the City Corporation totalling £35,000;
- a Member was a Board Member of London and Partners Ltd. The City Corporation became a platinum partner at a cost of £25,000;
- a Member sat on the Innovate Finance Advisory Council which received grants totalling £500,000 from the City Corporation and paid £40,000 to the City Corporation for services;
- the City Corporation nominated 10 Members to the various committees of London Councils and another Member declared that he had an independent place on the Leaders Committee. £921,000 was received for premises and services, and £26,000 paid for services provided by the organisation;
- the City Corporation nominated four Members to the Board of Governors of the City of London Academy Southwark. A grant of £150,000 was paid to the Academy;
- the City Corporation nominated four Members to the Board of Governors of the City of London Academy Hackney. A grant of £150,000 was paid to the Academy;
- the City Corporation nominated three Members to the Board of Governors of the City of London Academy Islington. A grant of £150,000 was paid to the Academy;
- the City Corporation nominated three Members to the Guild Church Council of St. Lawrence Jewry and two other Members declared places on the Council. The church received a grant of £82,000 from the City Corporation;
- the City Corporation nominated three Members to the City of London Reserve Forces and Cadets Association which was paid a grant of £42,000;
- a Member was a Director and Chairman of the Board of Global Law Summit which was paid a £60,000 grant towards an international event;
- a Member was a tenant of commercial premises for which £21,000 was received in rent and service charges;
- a Member was a Life Member of the Sheriffs and Records Fund which received a grant of £20,000;
- a Member was a director of a company leasing market premises for which £66,000 was received in rent and service charges;
- another Member was also a director of a company leasing market premises for which £207,000 was received in rent and service charges;
- two Members declared interests in PWC LLP which was paid £21,000 for consultancy services;
- a Member was a director of 'London Works' which was paid a grant of £25,000;

- the City Corporation nominated six Members to the Gresham College Council which was paid £406,000 in grants;
- one Member declared that a member of their family worked for Knight Frank which was paid £82,000 for services;
- four Members and one Chief Officer were directors of the ‘Lord Mayor’s Show Ltd’ which purchased services from City’s Cash at a cost of £16,000;
- sixteen Members were Governors or Almoners of Christ’s Hospital which is paid £48,000 annually for a ‘presentation’ place to secure the right to present one child per year to enter the school;
- a Member was a Director of Museum of London Archaeology which provided services to the City Corporation at a cost of £13,000;
- thirteen Members were Governors of King Edwards School Witley which was paid £395,000 for six full fee bursaries and funding to match money raised from other donors;
- Mr. S. Le Provost served as a director of City Re Limited and of the insurance manager, JLT Insurance Management (Guernsey) Limited during the period. Management fees paid in respect of the financial year totalled £51,536; and
- profit commission calculated at 1.5% of City Re Limited’s profit before tax in the financial period was payable to the company manager JLT Insurance Management (Guernsey) Limited. An amount of £12,640 is payable as at 31 March 2015.

Related Party Transaction with City Fund (the City Fund covers the City of London Corporation’s activities as a local authority, police authority and port health authority).

During 2014/15 City’s Cash received £1.8m from City Fund for the freehold sale of land at Creechurch Place, EC3. This land formed part of a larger site for which the City Fund received a premium to the value of £30.8m for the granting of a long lease. To ensure the integrity of each of the funds, the City’s Cash land was valued in accordance with the RICS Valuation Professional Standards (the ‘Red Book’).

22. Subsequent events

There are risks to City’s Cash from the vote to leave the EU. In particular, the future levels of demand for office accommodation in the City and surrounding areas and the consequential impacts on rent incomes. A close watching brief will be kept on this and other implications as events unfold during the coming months with financial forecasts being refreshed if and when the picture becomes clearer.

23. Approval of the financial statements

The City’s Cash Accounts were authorised for issue by the Chamberlain on 15 November 2016. Events after the balance sheet date and up to 15 November 2016 have been considered

in respect of a material on the financial statements. Events taking place after this date are not reflected in the financial statements or notes.

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REPORT TO THOSE CHARGED WITH GOVERNANCE
NOVEMBER 2016



City of London Corporation

City's Cash, Bridge House Estates, City's Cash Trusts, the
Corporation's Sundry Trusts & Other Accounts

Audit Management Report on the 2015-16 Financial Statements Audit

Contents

Audit management report for the year ended 31 March 2016

| | Page |
|--|------|
| 1. Purpose of the report | 3 |
| 2. Audit conclusion | 4 |
| 3. Respective responsibilities | 5 |
| 4. Significant audit risks and risk factors | 7 |
| 5. Significant audit and accounting matters | 11 |
| 6. Accounting systems and internal controls | 16 |
| 7. Follow up of prior year recommendations | 19 |
| | |
| Appendix 1 – Adjusted misstatements | 20 |
| Appendix 2 – Unadjusted misstatements | 21 |
| Appendix 3 – List of entities key financials | 22 |
| Appendix 4 – Draft letters of representation | 25 |

1 Purpose of the report

International Standard on Auditing (UK & Ireland) 260, “Communication with those charged with governance” requires Moore Stephens to report to those charged with governance on the significant findings from our audit.

This report aims to provide the trustees with constructive observations arising from the audit process. We set out in this report details of:

- any expected modifications to our audit reports;
- any unadjusted items in the financial statements (except any unadjusted items which are clearly trivial) including the effect of unadjusted items related to prior periods on the current period;
- any material weaknesses in systems we have identified during the course of our audit work and our views about the quality of accounting practices and financial reporting procedures; and
- any other relevant matters.

Our procedures are carried out solely for the purpose of our audit so that we can form and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Our audit does not necessarily disclose every weakness and for this reason the matters referred to may not be the only shortcomings which exist.

We take this opportunity to remind you that:

- This report has been prepared for the sole use of the City of London Corporation;
- It must not be disclosed to any third party without our written consent; and
- No responsibility is assumed by us to any other person who may choose to rely on it for their own purposes.

The report has been discussed and agreed with the Chamberlain.

We would like to thank the Chamberlain, Dr Peter Kane, Caroline Al-Beyerty and the Finance Team for their co-operation and assistance during our audit.

2 Audit conclusion

In our opinion the financial statements of the following bodies give a true and fair view and comply with FRS 102.

| | |
|-----------------------------|---|
| City's Cash | |
| | |
| Bridge House Estates | |
| | |
| Open Spaces | Ashtead Common |
| | Burnham Beeches & Stoke Common |
| | Epping Forest |
| | Hampstead Heath |
| | Highgate Wood & Queens Park Kilburn |
| | West Ham Park |
| | West Wickham Common and Spring Park Coulsdon & Other Commons |
| | |
| Sundry Trusts | Ada Lewis Winter Distress Fund |
| | Charities Administered in Connection with (ICW) The City of London Freeman's School |
| | City Educational Trust Fund |
| | City of London Almshouses |
| | City of London Corporation Combined Education Charity |
| | City of London Corporation Relief of Poverty Charity |
| | City of London Freeman's School Bursary Fund |
| | City of London School Bursary Fund |
| | City of London School Education Trust |
| | City of London School Girls Bursary Fund |
| | Corporation of London Charities Pool |
| | Emmanuel Hospital |
| | Guildhall Library Centenary Fund |
| | Hampstead Heath Trust |
| | Keats' House |
| | King George's Field |
| | Samuel Wilson's Loan Trust |
| | Signore Pasquale Favale Bequest |
| | Sir Thomas Gresham Charity |
| | Sir William Coxen Trust Fund |
| | Vickers Dunfee Memorial Benevolent Fund |

We are pleased to report that our audit reports, which are included in each of the above financial statements, are unqualified. In our opinion, from information provided to us during the audit, no events or conditions appear to exist which cast doubt on the ability of the bodies listed above to continue as a going concern. We are therefore satisfied with the disclosures in the financial statements.

Our audit opinions are based on your approval of the financial statements and signing of the Letters of Representation, a draft of which has been included as an appendix to this report. Within the letters, you have confirmed that there are no subsequent events, other than those noted, that require amendment to the financial statements.

3 Respective responsibilities

Responsibilities of Management

The City of London Corporation is responsible for preparing the City's Cash financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). It is also responsible for keeping proper accounting records and safeguarding assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibilities of the Trustees

The Trustees are responsible for preparing the Trustees' Report and the financial statements of Bridge House Estates, City's Cash Trusts and the Sundry and Other Trusts in accordance with applicable law and regulations. The Charities Act 2011 requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charities and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charities will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charities transactions and disclose with reasonable accuracy at any time the financial position of the charities and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charities and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibilities of the Auditor

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

The audit includes the consideration of internal controls relevant to the preparation of the financial statements but we do not express an opinion on the effectiveness of internal control. We are also required to communicate any significant matters arising from the audit of the financial statements that are relevant to those charged with governance in overseeing the financial reporting process. The matters being reported are limited to those deficiencies in control that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported to those charged with governance.

International Standards on Auditing (UK and Ireland) do not require the auditor to design procedures for the purpose of identifying supplementary matters to communicate with those charged with governance.

Fee

The fee for the 2015-16 audit of City's Cash, Bridge House Estates, City's Cash Trusts and Sundry and Other Trusts amounts to £115,000. Of the total fee, £36,800 has been allocated to Bridge House Estates, with the remaining £78,200 being charged to City's Cash. A further £10,000 is payable by City's Cash for the 2015-16 audit year for associated audit services at the Guildhall School of Music and Drama.

In our Audit Planning Report we set out that the fee was dependent upon:

- City of London Corporation delivering a complete Annual Report and Accounts of sufficient quality that have been subject to appropriate internal review on the date agreed;
- City of London Corporation delivering good quality supporting evidence and explanations within the agreed timetable; and
- Appropriate City of London Corporation staff being available during the audit.

Following delays to and difficulties encountered during the 2014-15 final audit of Bridge House Estates and City's Cash, an additional fee of £9,500 was charged. We have encountered delays and difficulties during the 2015-16 audit (see Section 5) and will be negotiating an additional fee with the City of London Corporation. This will be reported to the Audit and Risk Management Committee when confirmed.

We have provided no non-audit services during 2015-16.

Materiality

The concept of materiality recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. A matter is material if its omission or misstatement would reasonably influence the decisions of users of the financial statements. The assessment of what is material is a matter of the auditor's professional judgement and includes consideration of both the amount and the nature of the misstatement. In determining materiality, we consider a range of measures relevant to the account.

Materiality levels are generally set as percentages of income or assets. This methodology has been followed for our assessment of materiality for all entities bar City's Cash. For City's Cash, as in 2014-15, there is a significant difference in value between income at £131.8m and net assets at £2,311m. We therefore assessed materiality based on net assets, which was set at £13m. Recognising that this was a high level of materiality in the context of the income and expenditure account, we treated the income and expenditure account as a sensitive area of testing, and assessed materiality as £3.5m for income and expenditure transactions. Full details of all entities key financials, including materiality are in Appendix 3 to this report.

Independence

International Standard on Auditing (UK & Ireland) 260, "Communication with those charged with governance" requires us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We can confirm that we have complied with the Financial Reporting Council's Ethical Standard with regard to our integrity, objectivity and independence. In our professional judgement the audit process has been independent and our objectivity has not been compromised.

4 Significant audit risks and risk factors

Significant audit risks

As noted in our audit planning report submitted to the Audit and Risk Management Committee in December 2014 the following audit risk areas were identified as significant matters and therefore considered in detail during our audit fieldwork.

| Audit risk areas | Audit findings |
|--|---|
| <p>Revenue recognition (All funds and entities)</p> <p>Under International Standard on Auditing (UK and Ireland) 240, there is a presumed, albeit rebuttable, significant risk of fraud in revenue recognition. We consider this risk cannot be rebutted for income in all organisations.</p> | <p>We have documented, evaluated and tested the controls which ensure income is completely and accurately recorded across all entities and funds. No significant weaknesses in controls have been identified. We have substantively tested material income streams across all entities and funds and performed procedures to ensure income is complete. Investment property income procedures on City's Cash and Bridge House Estates included confirming the amounts received on a sample of properties to rent agreements as well as performing analytical procedures to gain assurance on the completeness of income.</p> <p>Non-property investment income procedures included agreeing dividend income obtained as well as confirming realised investments from pooled investment vehicles. We have also considered the movement in fair value on investments (City's Cash and Bridge House Estates) and the unrealised gain on investments by comparing yields obtained by the funds to fund manager reports and benchmarks.</p> <p>Conclusion: Satisfactory assurance has been gained in respect of the presumed risk of fraud in revenue recognition.</p> |
| <p>Management override (All funds and entities)</p> <p>Under International Standard on Auditing (UK and Ireland) 240, there is a presumed significant risk of material misstatement owing to fraud arising from the potential for management to override controls.</p> | <p>We carried out focused testing on journals on City's Cash and Bridge House Estates, reviewing journal entries which had a higher susceptibility to management override – journals posted at weekends and by those who do not normally post journals for example. No significant issues were identified in our testing.</p> <p>For all entities, we considered the estimation techniques and any significant/unusual transactions. We reviewed significant estimates and judgements made in the financial statements for evidence of bias. No significant issues were noted in our testing.</p> <p>Investment property valuations for City's Cash and Bridge House Estates comprise a significant judgement in the financial statements. The value of property held by City's Cash and Bridge House Estates as at 31 March 2016 was £1,601m and £611m respectively. This represents an increase in value of 18% and 15% respectively.</p> <p>Investment property valuations are conducted internally by the City Surveyor's team and by an external firm of property valuers. We have met with representatives of the City Surveyor and the external firm of property valuers to discuss the methodology of the valuations overall and to review individual property valuations that were significantly above or below the average increase. We did not identify any indication of management bias in the valuations applied. No significant issues were noted in our testing.</p> <p>Conclusion: Satisfactory assurance has been gained in respect of the presumed risk of management override.</p> |

| Audit risk areas | Audit findings |
|---|---|
| <p>FRS 102 (All funds and entities)</p> <p>For accounting periods commencing on or after 1 January 2015, UK GAAP has been updated with the Financial Reporting Standards – FRSs 100, 101, 102 and 103. As a consequence of the updated FRSs, The Charities SORP has also been updated. All entities will produce accounts under the new reporting framework in 2015-16.</p> | <p>During the 2015-16 year we provided a bespoke training session for Corporation finance staff involved in the preparation of the non-local authority fund accounts on the impact of FRS 102. As part of our 2014-15 audit management report we recommended that a comparative restatement exercise was performed by 31 December 2015 to allow for timely review and update before the 2015-16 accounts were produced.</p> <p>We were notified by the City of London that due to the lack of available external training courses on FRS 102 until the first quarter of 2016 and the lack of early robust guidance, this exercise could not be done by 31 December 2015.</p> <p>Instead, a collaborative approach was taken by the City of London and Moore Stephens. The City of London reviewed guidance as it became available between January and March and presented proposals for the treatment of changes where these were expected to impact on the various entities. These proposals were considered by Moore Stephens and accounting treatment papers were provided together with feedback. Subsequent meetings were held to discuss any matters arising.</p> <p>The City of London provided the 2015-16 accounts to the agreed timetable, including the restatement of prior year comparatives (2014-15) based on FRS 102. Due to the restatement of prior year comparatives for FRS102 being provided at the same time, this led to Moore Stephens auditing two sets of figures at the same time. See Section 5 for further details.</p> <p>We have reviewed the 2014-15 restated comparatives to ensure that they comply with FRS 102 and the Charities SORP FRS 102 as appropriate.</p> <p>We have reviewed the 2015-16 annual report and accounts for all entities and funds to ensure that their accounting policies and disclosures comply with the new requirements.</p> <p>Conclusion:</p> <p>Satisfactory assurance has been gained in respect of the risk identified for the transition to FRS 102.</p> |
| <p>Hampstead Heath Ponds (City’s Cash Trusts and City’s Cash)</p> <p>During the 2014-15 financial year, a Judicial Review found in favour of the City of London Corporation and as a consequence work has begun at Hampstead Heath Ponds. Initial costs were recorded and capitalised where appropriate up to 31 March 2015. Work on the main contract, which is expected to take 18 months and is worth approximately £14.69m has commenced and will continue during 2015-16. We therefore expect to see significant capital spend in the Hampstead Heath accounts.</p> | <p>We have reviewed supporting documentation surrounding the Hampstead Heath ponds project and verified the amounts capitalised as assets under construction as at 31 March 2016 - £8.7m. A further amount of £4m, for completion of works, has been recognised in the Hampstead Heath and City’s Cash accounts as a capital commitment.</p> <p>Conclusion:</p> <p>Satisfactory assurance has been gained in respect of the risk identified.</p> |

| Audit risk areas | Audit findings |
|--|---|
| <p>Investment Property Transactions (Bridge House Estates and City's Cash)</p> <p>The Corporation holds a significant portfolio of investment properties. These investments bring about associated risks including that of disclosure, accounting and revaluation. Given the high values associated with investment property transactions, they carry a higher risk of material misstatement.</p> | <p>We have agreed property valuations to internal and external valuations performed as at 31 March 2016. We have met with representatives of the City Surveyor and the external firm of property valuers to discuss the methodology of the valuations overall and to review individual property valuations that were significantly above or below the average increase. We discussed and agreed accounting treatments for property transactions during the year.</p> <p>Conclusion:</p> <p>Satisfactory assurance has been gained in respect of the risk identified with regard to investment property transactions.</p> |

Other risk factors

As noted in our audit planning report submitted to the Audit and Risk Management Committee in January 2016 the following audit risk areas were identified as risk factors which could potentially result in a material misstatement. The table below sets out our approach and conclusions to these risk factors.

| Audit risk areas | Audit findings |
|---|---|
| <p>Crossrail contribution (City's Cash)</p> <p>The 2014-15 City's Cash accounts recognised a commitment in the financial statements, with expected payment in the 2018-19 and 2019-20 financial years.</p> | <p>There has been no further correspondence regarding the Crossrail contribution proposed during the financial year, or to the point of the issue of this report. We have reconfirmed the accounting treatment applied and concur with the recognition of a commitment in the City's Cash accounts.</p> <p>Conclusion:</p> <p>Satisfactory assurance has been gained in respect of the risk factor identified.</p> |
| <p>Non-Property Investment Transitions (Bridge House Estates and City's Cash)</p> <p>We understand that the City of London Corporation has made a number of fund manager changes during the year. Namely, the Southeastern mandate has been replaced with Majedie and the GMO mandate has been replaced with Majedie and Lindsell Train.</p> | <p>We have reviewed supporting documentation from the transfer of funds between fund managers during the year for City's Cash. Following an adjustment to the notes to the accounts, we are content that the transactions pre and post-transfer have been accounted for appropriately.</p> <p>Conclusion:</p> <p>Satisfactory assurance has been gained in respect of the risk factor identified.</p> |

Going concern and subsequent events

We are required under International Standard on Auditing (UK & Ireland) 570, "Going concern" to consider the appropriateness of the going concern assumption in the preparation of the financial statements, and to consider whether there are material uncertainties about the organisation's ability to continue as a going concern which need to be disclosed in the financial statements.

The term "subsequent events" is used to refer to events occurring between the period end date of the financial statements and the date of the auditor's report. International Standard on Auditing (UK & Ireland) 560, "Subsequent events" requires us to assess all such matters before signing our audit report.

In order to gain assurance on these matters our work has included:

- performing a review of budgets and cash flow projections covering a period of 12 months from the expected signing of the audit report, together with management accounts for 2016-17;
- reviewing minutes of relevant City of London Corporation sub-committees held since 31 March 2016;
- enquiring of senior management and the organisation's solicitors concerning litigation, claims and assessments; and
- performing sample testing of post reporting date transactions.

There are risks to City's Cash and Bridge House Estates from the vote to leave the EU. In particular, the future levels of demand for office accommodation in the City and surrounding areas and the consequential impacts on rent incomes. A close watching brief will be kept on this and other implications as events unfold during the coming months with financial forecasts being refreshed if and when the picture becomes clearer.

We understand that there are ongoing discussions regarding the future operation of the Ada Lewis Winter Distress Fund, but at the point of writing, there has been no firm decision on whether to wind the charity up.

Conclusion

Our work has not highlighted any concerns or issues affecting City's Cash, Bridge House Estates, City's Cash Trusts and Sundry and Other Trusts ability to continue as a going concern.

5 Significant audit and accounting matters

Audit adjustments

To enable those charged with governance to assess the extent to which the draft financial statements presented for audit have been subject to change as a result of the audit process and ongoing management review, we present below the adjustments made to the accounts during the audit process.

As a result of our audit and management review, adjustments were made to the draft financial statements presented for audit. A summary of the effect of the audit adjustments is shown below. A schedule of the actual adjustments can be found in appendix 1. Where the entity or fund is not noted below or in appendix 1, no adjustments were made.

| | Statement of Financial Activities | | Balance Sheet | |
|--|-----------------------------------|-------------|---------------|-------------|
| | DR £'000 | CR £'000 | DR £'000 | CR £'000 |
| Bridge House Estates | 235 | 257 | 215 | 193 |
| | | | | |
| City of London Almshouses Trust | 23 | 10 | 10 | 23 |
| | | | | |
| City of London Almshouses Trust (2014-15) | | | 151 | 151 |

With regard to the disclosure note supporting City's Cash non-property investments, the transfer of non-property investments between one fund manager to another, in year, were shown gross within additions and disposals, rather than net, and required subsequent adjustment in the note.

Subsequent revisions were required to the CoLAT accounts to meet FRS 102 requirements and Bridge House Estates required some narrative and presentational changes.

The prior year adjustment on the CoLAT accounts relates to the recognition of a liability in respect of a leasehold payment received from the Sir Thomas Gresham Charity in 1994. Legal opinion obtained in 2015-16 confirmed that the payment made in 1994 should have been recognised as an asset in the Gresham accounts, and subsequently a liability has been recognised in the CoLAT accounts.

All audit adjustments have been discussed and agreed with the Group Accountant.

Unadjusted items

We are obliged to bring to your attention the errors found during the audit that have not been corrected as not material, unless they are 'clearly trivial', which we have identified as below 1% of assessed materiality, subject to a de-minimis reporting level of £1,000. The items that we are aware of above this amount are set out below.

A summary of the net effect of the unadjusted items is shown below. A schedule of the unadjusted items can be found in appendix 2. Where the entity or fund is not noted below or in appendix 2, no adjustments were made

| | Statement of Financial Activities | | Balance Sheet | |
|---------------------------|-----------------------------------|-------------|---------------|-------------|
| | DR £'000 | CR £'000 | DR £'000 | CR £'000 |
| | | | | |
| City's Cash Trusts | | | | |
| Epping Forest | 2 | 0 | 0 | 2 |

It was agreed with the Group Accountant that these amounts were not considered material and did not require to be incorporated into the financial statements. We request that the Audit and Risk Management Committee confirm this decision.

Qualitative aspects of accounting practices and financial reporting

During the course of our audit, we consider the qualitative aspect of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. The following observations have been made:

| Qualitative aspect considered | Audit conclusion |
|---|---|
| The appropriateness of the accounting policies used. | We have reviewed the significant accounting policies, which are disclosed in the financial statements, and we consider these to be appropriate. |
| The timing of the transactions and the period in which they are recorded. | We did not identify any significant transactions where we had concerns over the timing or the period in which they were recognised. |
| The appropriateness of the accounting estimates and judgements used. | We are satisfied with the appropriateness of accounting estimates or judgements used in the preparation of the financial statements. We met with representatives of the City Surveyor and the external firm of property valuers to assess the judgements applied in the valuation of investment properties. We consider the judgements used to be appropriate. |
| The potential effect on the financial statements of any uncertainties, including significant risks and disclosures such as pending litigation, that are required to be disclosed in the financial statements. | We did not identify any uncertainties including any significant risk or required disclosures that should be included in the financial statements. Adequate disclosure has been made in the Hampstead Heath accounts of the future commitments made for the Hampstead Heath Ponds project. |
| The extent to which the financial statements have been affected by unusual transactions during the period and the extent that these transactions are separately disclosed in the financial statements. | From our testing performed, we identified no unusual transactions in the period. |
| Apparent misstatements in the annual reports and trustees' reports or material inconsistencies within the financial statements. | Our review of the annual reports and Trustees' reports identified no misstatement or material inconsistency with the financial statements. |
| Any significant financial statement disclosures to bring to your attention. | There are no significant financial statement disclosures that we consider should be brought to your attention. All disclosures made are required by relevant legislation and applicable accounting standards. |
| Disagreement over any accounting treatment or financial statement disclosure. | There was no disagreement during the course of the audit over any accounting treatment or disclosure. |

| Qualitative aspect considered | Audit conclusion |
|--|---|
| Difficulties encountered in the audit. | <p>As noted in our response to the significant risk identified for the transition to FRS 102, we recommended that the restatement of comparatives be provided by 31 December 2015. As this was not possible, as noted in Section 4 above, we encountered difficulties caused by auditing two sets of figures at the same time.</p> <p>We were provided with high level balance sheet breakdowns which detailed TB totals for every debtor and creditor. Whereas in previous years we have requested full listings of a sample of these debtor and credit totals, in the current year we requested breakdowns for every total in order to sample from the total population. Due to way in which information is held in the finance system, this was a time consuming and difficult process for the City's finance team. Going forward, we will factor the time taken to run these reports into our audit timetable to allow for full listings to be received at the start of the audit.</p> <p>Whilst the first draft of the City of London Almshouses Trust accounts were provided ahead of the timetable, they had not been updated for the transition to FRS102. The member of staff who prepared the accounts has now left the organisation and the Group Accountant has since provided FRS102 compliant accounts which have been audited. To avoid similar difficulties improved handover processes should be put in place.</p> |

FRS 102 Transition

For accounting periods commencing on or after 1 January 2015, UK GAAP has been updated with the Financial Reporting Standards – FRSs 100, 101, 102 and 103. As a consequence of the updated FRSs, The Charities SORP has also been updated. All entities have produced accounts under the new reporting framework in 2015-16. In light of this change, we engaged early with the Corporation finance team, providing a bespoke training session on the likely impacts of FRS 102. Our experience has found that when accounting frameworks are adapted, early review and restatement aids the efficiency of the first year of reporting. Therefore, in our Audit Management Report on the 2014-15 audit we recommended that the Corporation performed a restatement of comparatives in advance by 31 December 2015. Due to reasons outlined on page 8, this was not completed by the Corporation for any of the funds or entities.

As a result of this, we revised the original onsite audit timetable agreed for Bridge House Estates, to allow the Corporation a further 7 days to prepare the financial statements.

The City of London has made good progress in producing proforma accounts for the City's Cash Trusts and Sundry Trusts over the last few years. Tailored advice was provided by the Group Accountant for the implementation of FRS 102. The City's Cash accounts are prepared by the Group Accountant and the majority of Trust accounts are reviewed by the Group Accountant and this resulted in minimal audit review comments. Bridge House Estates accounts have been produced for a number of years by an experienced, knowledgeable and qualified Senior Accountant and these accounts are then normally subject to full peer review by the Group Accountant during the audit stage. However, we noted that there were staff changes in the current year and, whilst the numbers in the accounts, including FRS 102 adjustments, were correct, some FRS 102 narrative changes had not been correctly processed which an earlier review process would have picked up. We would therefore encourage where possible the review of these accounts by the Group Accountant before being provided for audit to minimise the level of review comments and changes required.

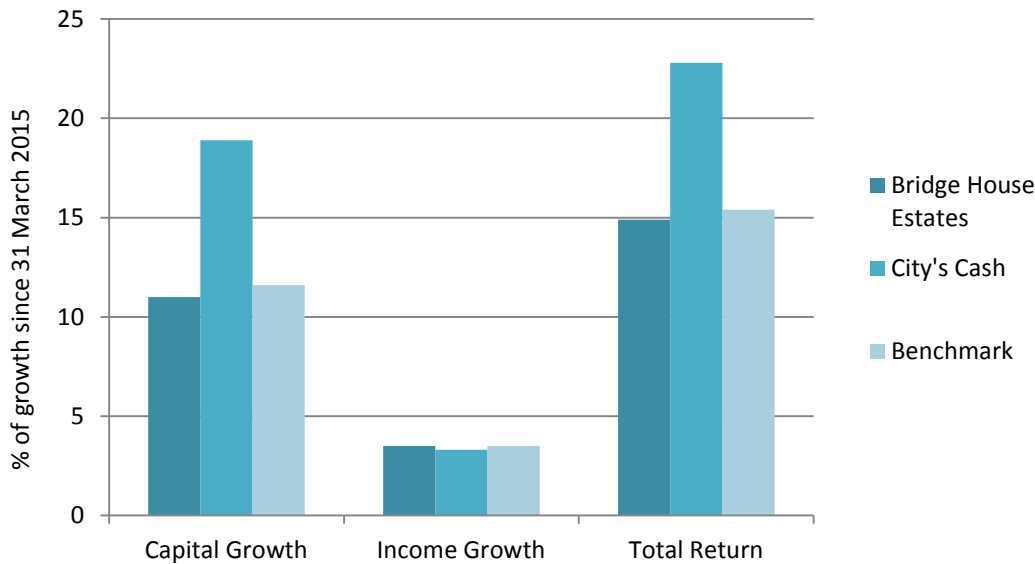
Review comments on first draft accounts were provided to the City of London by Moore Stephens at a late stage. This resulted in second draft accounts being produced under a tighter timeline and hindered comments being actioned by the City's finance team. In future years a more detailed timetable for audit fieldwork and provision of review comments and the finalisation of accounts thereafter will be agreed.

We noted that the CoLAT accounts were provided ahead of the agreed timetable but did not incorporate any changes for the transition to FRS 102 which made the audit process more difficult. The individual who prepared the accounts has now left the organisation and the accounts have since been updated for FRS102 by the Group Accountant. To avoid similar difficulties we would encourage appropriate knowledge transfer processes are put in place.

Investment Property Valuations

City's Cash and Bridge House Estates hold a significant investment property portfolio, totalling £1,601m and £611m respectively 31 March 2016. Properties are valued annually in line with accounting standard requirements for investment properties. All properties are valued in accordance with the RICS Red Book. The valuation process is split between internal valuations, performed by the City Surveyor's department and a firm of external valuers. In 2014-15, Cushman Wakefield were appointed on a three year contract to perform the property valuations for City's Cash (City Estate) and Bridge House Estates. As part of our audit work, we have met with representatives of the City Surveyor and the external firm of property valuers to discuss the methodology of the valuations overall and to review individual property valuations that were significantly above or below the average increase.

The chart below demonstrates the growth of the funds in the 2015-16 financial year.

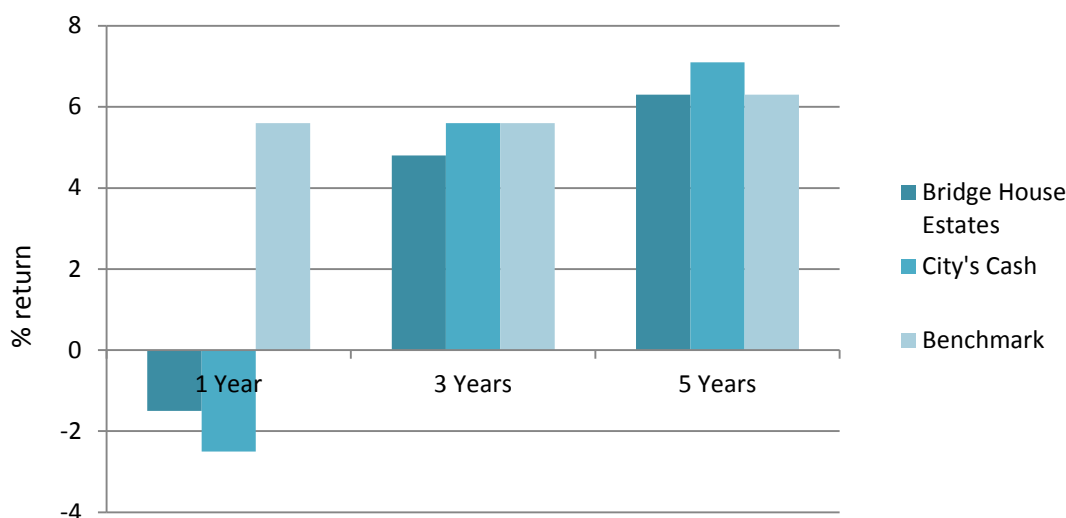


Bridge House Estates capital growth is largely in line with expectations and the City property specific benchmarks obtained by the Corporation. City's Cash has experienced a significant capital growth in year, bolstered by large capital transactions – the addition of the former Smithfield Market area and the granting of a long leasehold in St Mary Axe for development purposes.

Income growth is broadly in line with the benchmark on both funds due to increasing rents as properties have refurbishments completed and as a consequence are able to be marketed at a higher rate than prior valuations expected. This has been noted on a number of properties where valuation increases in excess of 20% have been recorded.

Non-Property Investment Valuations

In addition to investment property, City's Cash and Bridge House Estates hold a significant portfolio of non-property investments totalling £634.5m and £604.9m respectively as at 31 March 2016. Investments are held across a number of fund managers who all invest according to the Investment Strategy set by the Corporation. The chart below demonstrates the performance of the City's Cash investment funds, against benchmark over a five year period.



During the year, following a period of below benchmark returns, the mandate for one fund manager on Bridge House Estates and City's Cash was terminated, and funds transferred to new fund managers. Recent quarterly performance reports indicate that returns are more in line with benchmark.

Management representations

We have requested that a signed representation letter, covering a number of issues, be presented to us at the date of signing the financial statements. Copies of these letters for City's Cash, Bridge House Estates, the City's Cash Trusts, the Sundry and Other Trusts and the City of London Almshouses Trust are included in Appendix 4 to this report.

Fraud and irregularity

Responsibility for preventing and detecting fraud and other irregularities lies with the trustees of the charities. We are not required to search specifically for such matters and our audit should not be relied upon to disclose them. However, we planned and conducted our audit so as to give a reasonable expectation of detecting any material misstatements in the financial statements resulting from improprieties or breach of regulations.

We are pleased to report that we did not identify any issues of concern in relation to fraud and irregularity.

Legality

We planned and performed our audit recognising that non-compliance with statute or regulations may materially affect the financial statements.

We are pleased to report that we did not identify any instances of concern with regard to the legality of transactions or events.

6 Accounting systems and internal controls

During the course of our audit of the financial statements, we examined the principal internal controls which have been established to enable them to ensure, as far as possible, the accuracy and reliability of the organisation's accounting records and to safeguard the organisation's assets.

It should be noted that our audit was planned and performed in order to allow us to provide an opinion on the financial statements and it should not be relied upon to reveal all errors and weaknesses that may exist.

Our work did not identify any system weaknesses.

Action plan – audit recommendations

We identified a number of observations which we consider require management action. Recommendations to address the observations are detailed in the action plan below, together with management responses.

| Grade | Definition |
|-------|---|
| 1 | major issues for the attention of senior management which may have the potential to result in a material weakness in internal control |
| 2 | important issues to be addressed by management in their areas of responsibility |
| 3 | problems of a more minor nature which provide scope for improvement. |

1 – Accounts Review

(Priority 2)

| | |
|----------------------------|--|
| Observation | <p>We noted that when full peer review is in place, such as for City's Cash, City's Cash Trusts and the Sundry Trust accounts, the quality of the draft accounts for audit is improved resulting in fewer review comments. Such review processes are especially important during key changes in accounting frameworks.</p> <p>Whilst Bridge House Estates is produced by an experienced, knowledgeable and qualified accountant, it is not normally subject to full peer review prior to the audit stage. However, during 2016 there were staff changes and, from our review of these draft accounts, it was noted that whilst the numbers and the FRS 102 adjustments in the accounts were correct, some comments arose relating to FRS 102 narrative changes and internal consistency issues. Whilst full peer review at the pre-audit stage has not been required in previous years, the accounts would benefit from such review, particularly during years of change, such as for FRS102, and during times of staff change.</p> <p>The Audit Review Panel also specifically commented on this matter as it was apparent from their work that there may have been finance team resourcing and capacity issues at certain stages in the year end process. Their recommendation is that this matter is addressed as soon as possible as the next financial year end is less than six months away.</p> |
| Risk | Lack of full peer review of BHE accounts prior to audit may result in inconsistent quality, leading to the requirement for additional audit time. |
| Recommendation | <p>We would recommend bringing forward the full peer review process of BHE accounts to before the first draft is provided for audit.</p> <p>We also recommend that the detailed closedown timetable factors in sufficient full peer review time for BHE accounts prior to the audit stage and, for all accounts, includes feedback milestones from audit.</p> |
| Management response | Agreed. Bridge House Estates financial statements will be fully peer reviewed prior to the audit stage in future years, commencing with the accounts for 2016/17. This task will be included in the closedown timetable. |
| Responsible Officer | Steven Reynolds, Group Accountant |

| | |
|--|---|
| Implementation date | Prior to 2016/17 audit. |
| 2 – Corporate Treasury Scheme of Delegation (Priority 2) | |
| Observation | During the 2015-16 year, over £60m of non-property investments were divested and re-invested. While the decision for the transition of the non-property investments had been appropriately approved by the Investment Committee, we note that the actual authorisation for the divestment (three transactions of £20m) as allowed in the scheme of delegation, came from two individuals in the same team. Given the value of the transaction, we would have expected authorisation to be required from the Corporate Treasurer and the Deputy Chamberlain, who is the third signatory. |
| Risk | There is a risk, that whilst two authorising signatories are required, when they come from the same team, that collusion is easier, thus opening the Corporation to the potential for a fraudulent transaction. |
| Recommendation | We recommend that the scheme of delegation for significant and material non-property transactions is amended, requiring that authorisation for such transactions comes from a member of the Corporate Treasury team and the Deputy Chamberlain. |
| Management response | Agreed. With immediate effect, authorisation for such transactions will come from a member of the Corporate Treasury team and the Deputy Chamberlain. |
| Responsible Officer | Kate Limna, Corporate Treasurer. |
| Implementation date | Immediate. |
| 3 – Inconsistent tenancy management records (Priority 2) | |
| Observation | Audit testing identified that there is not always a clear audit trail in existence to demonstrate rent increases applied to investment properties. While rent increases have been agreed and there is documentary evidence available, it is not filed with the original rental agreement as would be expected. |
| Risk | Without a clear audit trail, there is a risk that incorrect rents may be charged on investment properties, reducing the income obtained by Bridge House Estates and City's Cash. |
| Recommendation | We recommend that a regular sample check review is performed for investment properties to ensure that the rental amount recognised on CBIS has been agreed by both parties and that there is appropriate and consistent supporting evidence on file encompassing information from across the Corporation. |
| Management response | The Chamberlain's Property Services Finance Team will carry out an independent quarterly sample check of invoices raised by the Comptroller and City Solicitor (CCS) and verify the amounts raised to the rental agreements held by the CCS which are filed on the KMX legal document system. |
| Responsible Officer | Hazel Lerigo, Interim Head of Finance Property Services. |
| Implementation date | The sample check will be completed one month after the end of each quarter, commencing with the current quarter (quarter 3) which ends on 31 December 2016. This initial sample check will be completed by 31 January 2017 with others periodic checks completed on an ongoing quarterly basis |
| 4 – Authorisation of journal entries (Priority 2) | |
| Observation | City of London Corporation policy is that journal entries over £100,000 are authorised retrospectively. Given the volume of journals that are processed under this value, the value seems high to have no checks performed at all. |
| Risk | There is a risk that journals that are not reviewed and authorised are processed incorrectly, which may lead to a material misstatement of financial statements. This will also require additional resources to correct errors identified. |

| | |
|--|---|
| Recommendation | We recommend that the Corporation review the policy in place regarding journal authorisation and consider either lowering the limit, or introducing a random sample check of journals posted of a lower amount across all funds and entities. |
| Management response | The policy will be reviewed. |
| Responsible Officer | John James, Interim Deputy Financial Services Director |
| Implementation date | 31 December 2016. |
| 5 – Knowledge transfer (Priority 2) | |
| Observation | <p>We had raised a recommendation following the 2014-15 audit of the City of London Almshouses Trust (CoLAT), that the Corporation should ensure knowledge transfer takes place before staff turnover. The 2015-16 accounts for CoLAT were prepared by a different member of staff to 2014-15 and there was little evidence of a knowledge transfer having taken place.</p> <p>The first draft 2015-16 accounts we received had not been updated for changes to the Charities SORP FRS 102. The accountant responsible has now left the Corporation and the accounts have since been updated for FRS102 by the Group Accountant.</p> |
| Risk | Without proper handover and knowledge transfer procedures in place, there is a risk that submission of year-end accounts, and subsequently the audit, are delayed. |
| Recommendation | We reiterate our recommendation that appropriate knowledge transfer processes are put in place. |
| Management response | <p>During 2015-16 a key member of the team who was responsible for preparing the CoLAT accounts left and the vacancy was filled on a temporary basis by an experienced qualified accountant who prepared the first draft of the accounts for audit. This person then left prior to receiving feedback on the accounts from Moore Stephens. A permanent replacement has now been appointed and is currently be trained and mentored to ensure that a repeat of the difficulties noted above are avoided during the 2016-17 year-end accounts process.</p> <p>A permanent file note on the procedures to be followed in the preparation of the accounts will be prepared by 31 December 2016 to further ensure continuity of knowledge.</p> |
| Responsible Officer | Mark Jarvis, Head of Finance, Citizen Services |
| Implementation date | As noted above, a permanent member of staff has now been appointed and is currently being trained. A permanent procedure note will be prepared by 31 December 2016. |

7 Follow up of prior year recommendations

We raised no priority 1 recommendations during our audit of City's Cash, Bridge House Estates, City's Cash Trusts and the Sundry and Other Trusts.

We did raise a number of lower priority recommendations directly with management, which we have reproduced below with an update on progress.

| Point Arising | Update as at 31 March 2016 |
|--|---|
| Bridge House Estates | |
| <p>Documentation of rent increases - difficulties encountered in agreeing rent increases for individual properties, which we understand should be alleviated by the introduction of the R12 Oracle release.</p> | <p>We have encountered similar difficulties during the 2015-16 audit of Bridge House Estates and City's Cash. Given the significance of the value of investment property income, this has been raised as a recommendation in section 6.</p> <p>Status: Ongoing</p> |
| City's Cash Trusts | |
| <p>Classification of liabilities – testing identified a number of classification errors between trade creditors, other creditors and accruals. We recommend a system of sample spot checking is put in place, along with updated guidance from the central finance team</p> | <p>We have not encountered similar classification errors during the 2015-16 audit of City's Cash Trusts.</p> <p>Status: Closed</p> |
| <p>Grants receivable documentation – the system for recording grants applied for and received is not always kept up to date, increasing the risk that grants received for a specific Open Space are not recognised appropriately</p> | <p>Whilst we have noted some improvements in the recording system, we consider that there is scope for further improvements to ensure that income is appropriately recognised and is able to be monitored.</p> <p>Status: Ongoing</p> |
| Sundry and Other Trusts | |
| <p>Housing Accountant knowledge transfer – following two recent staff movements in the housing team there has been insufficient knowledge transfer put in place before the preparation of the City of London Almshouses Trust accounts.</p> | <p>We have again encountered delays during the audit of CoLAT accounts, albeit for different reasons, during the 2015-16 audit. A further recommendation has been raised in section 6.</p> <p>Status: Closed</p> |
| <p>Classification of expenditure and accruals – audit testing of 2014-15 expenditure identified a number of items that should have been accounted for and accrued as at 31 March 2014. We recommend a system of sample spot checking is put in place, along with updated guidance from the central finance team</p> | <p>We have not encountered similar classification errors during the 2015-16 audit of the Sundry and Other Trusts.</p> <p>Status: Closed</p> |
| All entities and funds | |
| <p>Documentation of formal impairment review – it is good practice to consider whether there have been any indicators of impairment as part of the year end processes and for those considerations to be documented.</p> | <p>We have confirmed that a formal impairment review discussion did take place, but was not documented.</p> <p>Status: Ongoing</p> |

Appendix 1 – Adjusted Misstatements

As summarised in Section 5, the following adjustments were identified during our audit work and have been incorporated into the financial statements. Where the entity or fund is not noted below, no adjustments were made. All adjustments have been discussed and agreed with the Group Accountant.

| | Statement of Financial Activity | | Balance Sheet | |
|---|---------------------------------|-------------|---------------|-------------|
| | Dr £'000 | Cr £'000 | Dr £'000 | Cr £'000 |
| Bridge House Estates | | | | |
| Stock | | | 22 | |
| Tourism Income | | 22 | | |
| <i>Being the correction for the understatement of stock from an input error</i> | | | | |
| Debtors | | | 67 | |
| Rental income received in advance | | | | 67 |
| <i>Being the correction of rental debtors posting</i> | | | | |
| Grant Administration Expenditure | 235 | | | |
| Other Income | | 235 | | |
| <i>*Being the correction for incorrect recognition of grant support</i> | | | | |
| Non-property investments | | | 126 | |
| Reserves | | | | 126 |
| <i>*Being the correction for the understatement of valuation</i> | | | | |
| | 235 | 257 | 215 | 193 |
| City of London Almshouses Trust | | | | |
| Income | 23 | | | |
| Cash | | | | 23 |
| <i>Being the correction of unallocated cash</i> | | | | |
| Income | | 10 | | |
| Debtors | | | 10 | |
| <i>Being the correction of income received in advance</i> | | | | |
| | 23 | 10 | 10 | 23 |
| City of London Almshouses Trust (2014-15) | | | | |
| General Fund | | | 151 | |
| Deferred Income | | | | 151 |
| <i>* Being the recognition of deferred income for the Gresham Almshouses</i> | | | | |
| | | | 151 | 151 |

* Identified by client

Appendix 2 – Unadjusted misstatements

As summarised in Section 5, the following unadjusted items were identified during our audit work. It was agreed with the Group Accountant that these amounts were not considered material and thus they have not been incorporated into the financial statements.

| | Statement of Comprehensive Income / Statement of Financial Activity | | Balance Sheet | |
|---|---|-------------|---------------|-------------|
| | Dr £'000 | Cr £'000 | Dr £'000 | Cr £'000 |
| City's Cash Trusts | | | | |
| Epping Forest | | | | |
| Grant Income | 2 | | | |
| Other Debtors | | | | 2 |
| <i>Being the de-recognition of unsupported grant income</i> | | | | |
| | 2 | 0 | 0 | 2 |

Appendix 3 – List of entities key financials

The list of entities on which we have reported on, and which are covered by this document are included in the table below. We have included in the table incoming resources, surplus/deficit and net assets along with the materiality level we have used during the audit. Materiality was calculated based on either the income or net assets of the entity.

| Activities | Income £'000 | Surplus/ (Deficit) £'000 | Net Assets £'000 | Materiality £'000 |
|--|-----------------|--------------------------------|---------------------|-----------------------|
| City's Cash | 131,800 | 184,900 | 2,311,000 | 13,000 3,000 (I&E) |
| Bridge House Estates | 87,100 | 41,900 | 1,183,500 | 3,300 |
| City's Cash Trusts | | | | |
| Ashtead Common | | | | |
| Preservation of the common at Ashtead | 498 | - | - | 7 |
| Burnham Beeches | | | | |
| Preservation of the Open Space known as Burnham Beeches | 931 | (17) | 786 | 14 |
| Epping Forest | | | | |
| Preservation of Epping Forest in perpetuity | 5,807 | (275) | 7,920 | 94 |
| Hampstead Heath | | | | |
| Preservation of Hampstead Heath for the recreation and enjoyment of the public | 17,421 | 6,778 | 42,140 | 129 |
| Highgate Wood & Queens Park Kilburn | | | | |
| Preservation of the Open Space know as Highgate Wood & Queens Park Kilburn | 1,418 | (50) | 381 | 22 |
| Sir Thomas Gresham Charity | | | | |
| To provide a programme of public lectures | 64 | (1) | 150 | 2 |
| West Ham Park | | | | |
| To maintain and preserve the Open Space known as West Ham Park | 1,681 | (5) | 36 | 25 |
| West Wickham Common and Spring Park Coulsdon & Other Commons | | | | |
| Preservation of West Wickham Common and Spring Park Coulsdon & Other Commons | 1,285 | 33 | 107 | 19 |
| Sundry Trusts | | | | |
| Ada Lewis Winter Distress Fund | | | | |
| Assistance and relief for the poor and distressed during winter months | 7 | (5) | 252 | 5 |
| Charities Administered ICW the City of London | | | | |
| Freemen's School | | | | |
| Promotion of education through prizes | 12 | (4) | 168 | 3 |
| City Educational Trust Fund | | | | |
| Advancement of education through grants | 126 | (161) | 3,432 | 69 |

| Activities | Income £'000 | Surplus/ (Deficit) £'000 | Net Assets £'000 | Materiality £'000 |
|--|-----------------|--------------------------------|---------------------|----------------------|
| Sundry Trusts Continued | | | | |
| City of London Almshouses | | | | |
| Almshouses for poor or aged people | 395 | 85 | 1,621 | 33 |
| City of London Corporation Combined Education Charity | | | | |
| Advancing education by the provision of grants and financial assistance | 38 | (61) | 1,038 | 21 |
| City of London Corporation Relief of Poverty Charity | | | | |
| Relief of poverty for widows, widowers or children of a Freemen of the City of London | 4 | (12) | 141 | 3 |
| City of London Freemen's School Bursary Fund | | | | |
| Promotion of education through bursaries | 65 | (14) | 792 | 16 |
| City of London School Bursary Fund | | | | |
| Promotion of education through bursaries, scholarships and prizes | 189 | (29) | 3,454 | 69 |
| City of London School Educational Trust | | | | |
| Advancing education | 7 | - | 6 | 1 |
| City of London School for Girls Bursary Fund | | | | |
| Promotion of education through bursaries, scholarships and prizes | 556 | (456) | 3,463 | 60 |
| Corporation of London Charities Pool | | | | |
| Investments pool for Sundry Trusts | 1,263 | (994) | 21,704 | 435 |
| Emmanuel Hospital | | | | |
| Payment of pensions and financial assistance to poor persons | 82 | (96) | 2,268 | 45 |
| Guildhall Library Centenary Fund | | | | |
| Provision of education and training in library, archives, museum, and gallery services | 1 | 1 | 23 | 1 |
| Hampstead Heath Trust | | | | |
| To meet a proportion of the maintenance cost of Hampstead Heath | 1,322 | (1,815) | 28,909 | 591 |
| Keats House | | | | |
| Maintenance of Keats House | 477 | (12) | 189 | 7 |
| King George's Field | | | | |
| Open space for sports, games and recreation | 14 | - | - | 1 |
| Samuel Wilson's Loan Trust | | | | |
| Granting of low interest loans to young people who have or are about to set up in business | 72 | (42) | 2,125 | 43 |

| Activities | Income £'000 | Surplus/ (Deficit) £'000 | Net Assets £'000 | Materiality £'000 |
|--|-----------------|--------------------------------|---------------------|----------------------|
| Sundry Trusts Continued | | | | |
| Signore Pasquale Favale Bequest | | | | |
| Granting of assistance to eligible persons in the form of marriage portions | - | - | 13 | 1 |
| | | | | |
| Sir William Coxen Trust Fund | | | | |
| Granting of assistance to eligible charitable trusts in the form of donations | 115 | (60) | 2,502 | 53 |
| | | | | |
| Vickers Dunfee Memorial Benevolent Fund | | | | |
| Financial assistance to distressed past and present members of the CoL Special Constabulary and their dependents | 6 | (3) | 201 | 4 |

Appendix 4 – Management representation letters for City’s Cash, Bridge House Estates and the Charities

LETTER OF REPRESENTATION: CITY’S CASH

Dear Sirs

City of London Corporation - City's Cash

This representation letter is provided in connection with your audit of the financial statements of City’s Cash for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice (FRS 102).

By a resolution of the Finance Committee, passed today, we are directed to confirm to you, in respect of the financial statements of City’s Cash (and its subsidiaries) for the year ended 31 March 2016, the following:-

1. We have fulfilled our responsibilities for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice and for making accurate representations to you.
2. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We acknowledge our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
5. We confirm that we have disclosed separately to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management
 - employees who have significant roles in internal control
 - others where the fraud could have a material effect on the financial statements.
7. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the financial statements which have been communicated to us by employees, former employees, analysts, regulators or other third parties.
8. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. In our opinion, the significant assumptions that have been used in determining fair values, whether such values are disclosed or applied in the financial statements, are reasonable and reflect the ability and intent to carry out specific courses of action, where this is relevant to the determination of those values.
10. In our opinion the significant assumptions used in making accounting estimates are reasonable.
11. We have disclosed to you the identity of City’s Cash related parties and all related party relationships and transactions of which we are aware.
12. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice.
13. In particular, no director, shadow director, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the group at any time during the year, other than as indicated in the financial statements.

14. There are no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
15. There are no plans to abandon activities or other plans or intentions that will result in any excess or obsolete stocks, and no stock is stated at an amount in excess of net realisable value.
16. The group has satisfactory title to all assets and there are no liens or encumbrances on City's Cash assets, other than as disclosed in the financial statements.
17. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
18. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice require adjustment or disclosure have been adjusted or disclosed. Should any material events occur which may necessitate revision of the figures included in the financial statements or inclusion in the notes thereto, we will advise you accordingly.
19. The group has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
20. Except as disclosed in the financial statements, the results for the year were not materially affected by:
 - any change in accounting policies;
 - transactions of a type not usually undertaken by the group;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
21. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the financial statements and that they have been accounted for and disclosed in accordance with UK Generally Accepted Accounting Practice.
22. We have reviewed the reasoning for the classification of the proposed contribution by City's Cash to Crossrail as a commitment and consider that given the uncertainties surrounding the finalisations of an agreed contribution, this is the most appropriate classification of the likely costs.
23. We have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date on which the financial statements were approved.
24. We confirm the financial statements are free of material misstatements, including omissions. We believe that those uncorrected misstatements identified during the audit are immaterial both individually and in aggregate to the financial statements as a whole. A list of these items is attached to this letter of representation, together with our reasons for not correcting them.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

.....
The Chamberlain of London
Signed on behalf of the City of London Corporation
On (date)

LETTER OF REPRESENTATION: BRIDGE HOUSE ESTATES

Dear Sirs

City of London - Bridge House Estates

This representation letter is provided in connection with your audit of the financial statements of Bridge House Estates for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice (FRS 102) and the Charities Statement of Recommended Practice (FRS 102).

By a resolution of the Finance Committee, passed today, I am directed to confirm to you, in respect of the financial statements of the charity for the period ended 31 March 2016, the following:-

25. We have fulfilled our responsibilities under the Charities Act 2011 for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice (FRS 102) and for making accurate representations to you.
26. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
27. All transactions have been recorded in the accounting records and are reflected in the financial statements.
28. We acknowledge as trustee our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
29. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
30. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management
 - employees who have significant roles in internal control
 - others where the fraud could have a material effect on the financial statements.
31. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the financial statements which have been communicated to us by employees, former employees, regulators or other third parties.
32. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
33. In our opinion, the significant assumptions that have been used in determining fair values, whether such values are disclosed or applied in the financial statements, are reasonable and reflect our ability and intent to carry out specific courses of action, where this is relevant to the determination of those values.
34. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.
35. We have disclosed to you the identity of the charity's related parties and all related party relationships and transactions of which we are aware.
36. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005.
37. In particular, no trustee, shadow trustee, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the charity at any time during the year, other than as indicated in the financial statements or, in the case of items not required to be disclosed, in the attached schedule.

38. The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:
- losses arising from sale and purchase commitments;
 - agreements and options to buy back assets previously sold;
 - assets pledged as collateral.
39. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
40. We have no plans to abandon activities or other plans or intentions that will result in any excess or obsolete stocks, and no stock is stated at an amount in excess of net realisable value.
41. The charity has satisfactory title to all assets and there are no liens or encumbrances on the charity's assets, other than as disclosed in the financial statements.
42. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
43. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice FRS 102 require adjustment or disclosure have been adjusted or disclosed. Should any material events occur which may necessitate revision of the figures included in the financial statements or inclusion in the notes thereto, we will advise you accordingly.
44. The charity has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
45. Except as disclosed in the financial statements, the results for the year were not materially affected by:
- any change in accounting policies;
 - transactions of a type not usually undertaken by the charity;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
46. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the financial statements and that they have been accounted for and disclosed in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice FRS 102.
47. We have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date on which the financial statements are to be approved.
- We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a true and fair view.
48. We confirm the financial statements are free of material misstatements, including omissions. We believe that those uncorrected misstatements identified during the audit are immaterial both individually and in aggregate to the financial statements as a whole. A list of these items is attached to this letter of representation, together with our reasons for not correcting them
49. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.
50. We confirm that we are not aware of any breaches of charity regulations and that we have advised you of the existence of all endowments and funds maintained by us.
51. All income has been recorded, all restricted funds have been properly applied and all constructive obligations have been recognised.
52. All correspondence with regulators has been made available to you, including any serious incidents reports.
53. Except as disclosed in the notes to the BHE accounts, as at 31 March 2016 there were no significant capital commitments contracted for by BHE.

54. We are of the opinion that the costs involved in the reconstruction or analysis of past accounting records of heritage assets (bridges) or in valuation are onerous compared with the additional benefit derived by users of the accounts in assessing the trustees' stewardship of the assets.
55. We are of the opinion that the property valuations at 31 March 2016 as updated from the internal valuations at 31 March 2015 are not materially misstated

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

.....
The Chamberlain of London
Signed on behalf of the Trustee
On _____ (date)

LETTER OF REPRESENTATION: CITY'S CASH TRUSTS (OPEN SPACES)

Dear Sirs

City's Cash Trusts – Open Spaces

This representation letter is provided in connection with your audit of the financial statements of the City's Cash Trusts (Open Spaces) for the period ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice (FRS 102) and the Charities Statement of Recommended Practice (FRS 102).

By a resolution of the Finance Committee, passed today, I am directed to confirm to you, in respect of the financial statements of the trusts for the period ended 31 March 2016, the following:-

1. We have fulfilled our responsibilities under the Charities Act 2011 for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice (FRS 102) and for making accurate representations to you.
2. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We acknowledge as trustee our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
5. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management
 - employees who have significant roles in internal control
 - others where the fraud could have a material effect on the financial statements.
7. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the financial statements which have been communicated to us by employees, former employees, regulators or other third parties.
8. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. In our opinion, the significant assumptions that have been used in determining fair values, whether such values are disclosed or applied in the financial statements, are reasonable and reflect our ability and intent to carry out specific courses of action, where this is relevant to the determination of those values.
10. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.
11. We have disclosed to you the identity of the Trusts related parties and all related party relationships and transactions of which we are aware.
12. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice and the Charities SORP FRS 102.
13. In particular, no trustee, shadow trustee, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the Trusts at any time during the year.
14. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements, other than as disclosed in the financial statements.

15. The Trusts have satisfactory title to all assets and there are no liens or encumbrances on the Trusts' assets, other than as disclosed in the financial statements.
16. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
17. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice and the Charities SORP 2005 require adjustment or disclosure have been adjusted or disclosed. Should any material events occur which may necessitate revision of the figures included in the financial statements or inclusion in the notes thereto, we will advise you accordingly.
18. The Trusts have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
19. Except as disclosed in the financial statements, the results for the year were not materially affected by:
 - any change in accounting policies;
 - transactions of a type not usually undertaken by the Trusts;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
20. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the financial statements and that they have been accounted for and disclosed in accordance with UK Generally Accepted Accounting Practice and the Charities SORP FRS 102.
21. We have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date on which the financial statements are to be approved.

We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a true and fair view.
22. We confirm the financial statements are free of material misstatements, including omissions. We believe that those uncorrected misstatements identified during the audit are immaterial both individually and in aggregate to the financial statements as a whole. A list of these items is attached to this letter of representation, together with our reasons for not correcting them.
23. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.
24. We confirm that we are not aware of any breaches of charity regulations and that we have advised you of the existence of all endowments and funds maintained by us.
25. All income has been recorded, all restricted funds have been properly applied and all constructive obligations have been recognised.
26. All correspondence with regulators has been made available to you, including any serious incidents reports.
27. We are of the opinion that the costs involved in the reconstruction or analysis of past accounting records of heritage assets (open spaces) or in valuation are onerous compared with the additional benefit derived by users of the accounts in assessing the trustees' stewardship of the assets.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

.....
The Chamberlain of London
Signed on behalf of the Trustee
On _____ (date)

LETTER OF REPRESENTATION: CITY OF LONDON CORPORATION SUNDRY TRUSTS AND OTHER ACCOUNTS

Dear Sirs

City of London - Sundry and Other Trusts

This representation letter is provided in connection with your audit of the financial statements of The City of London Corporation Sundry Trusts and Other accounts for the period ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice (FRS 102) and the Charities Statement of Recommended Practice FRS 102.

By a resolution of the Finance Committee, passed today, I am directed to confirm to you, in respect of the financial statements of the charities for the period ended 31 March 2016, the following:-

1. We have fulfilled our responsibilities under the Charities Act 2011 for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice FRS 102 and for making accurate representations to you.
2. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We acknowledge as trustee our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
5. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management
 - employees who have significant roles in internal control
 - others where the fraud could have a material effect on the financial statements.
7. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the financial statements which have been communicated to us by employees, former employees, regulators or other third parties.
8. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. In our opinion, the significant assumptions that have been used in determining fair values, whether such values are disclosed or applied in the financial statements, are reasonable and reflect our ability and intent to carry out specific courses of action, where this is relevant to the determination of those values.
10. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.
11. We have disclosed to you the identity of the charities related parties and all related party relationships and transactions of which we are aware.
12. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice and the Charities SORP FRS 102.
13. In particular, no trustee, shadow trustee, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the charities at any time during the year.
14. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

15. The Trusts have satisfactory title to all assets and there are no liens or encumbrances on the Trusts' assets, other than as disclosed in the financial statements.
16. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
17. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice and the Charities SORP FRS 102 require adjustment or disclosure have been adjusted or disclosed. Should any material events occur which may necessitate revision of the figures included in the financial statements or inclusion in the notes thereto, we will advise you accordingly.
18. The Trusts have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
19. Except as disclosed in the financial statements, the results for the year were not materially affected by:
 - any change in accounting policies;
 - transactions of a type not usually undertaken by the charities;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
20. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the financial statements and that they have been accounted for and disclosed in accordance with UK Generally Accepted Accounting Practice and the Charities SORP FRS 102.
21. We have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date on which the financial statements are to be approved.

We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a true and fair view.
22. We confirm the financial statements are free of material misstatements, including omissions. We believe that those uncorrected misstatements identified during the audit are immaterial both individually and in aggregate to the financial statements as a whole. A list of these items is attached to this letter of representation, together with our reasons for not correcting them.
23. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.
24. We confirm that we are not aware of any breaches of our charity regulations and that we have advised you of the existence of all endowments and funds maintained by us.
25. All income has been recorded, all restricted funds have been properly applied and all constructive obligations have been recognised.
26. All correspondence with regulators has been made available to you, including any serious incidents reports.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

.....
The Chamberlain of London
Signed on behalf of the Trustee
On _____ (date)

LETTER OF REPRESENTATION: CITY OF LONDON ALMSHOUSES TRUST

Dear Sirs

The City of London Almshouses Trust

This representation letter is provided in connection with your audit of the financial statements of the City of London Almshouses for the period ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice (FRS 102), the Housing Statement of Recommended Practice 2014 and the Charities Statement of Recommended Practice FRS 102.

By a resolution of the Finance Committee, passed today, I am directed to confirm to you, in respect of the financial statements of the City of London Almshouses for the year ended 31 March 2016, the following:-

1. We have fulfilled our responsibilities under section 1(2) of the Housing Act 1996 for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice, the Housing Statement of Recommended Practice 2014 and the Charities Statement of Recommended Practice FRS 102 and for making accurate representations to you.
2. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We acknowledge as Board members our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
5. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; and
 - others where the fraud could have a material effect on the financial statements.
7. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the financial statements which have been communicated to us by employees, former employees, regulators or other third parties.
8. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.
10. We have disclosed to you the identity of the related parties and all related party relationships and transactions of which we are aware.
11. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice.
12. In particular, no Board member, shadow Board member, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the Almshouses at any time during the year.
13. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
14. The City of London Almshouses have satisfactory title to all assets and there are no liens or encumbrances on the Almshouses' assets, other than as disclosed in the financial statements.

15. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
16. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice require adjustment or disclosure have been adjusted or disclosed. Should any material events occur which may necessitate revision of the figures included in the financial statements or inclusion in the notes thereto, we will advise you accordingly.
17. The City of London Almshouses have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
18. Except as disclosed in the financial statements, the results for the year were not materially affected by:
 - any change in accounting policies;
 - transactions of a type not usually undertaken by the Almshouses;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
19. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the financial statements and that they have been accounted for and disclosed in accordance with UK Generally Accepted Accounting Practice.
20. We have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date on which the financial statements are to be approved.

We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a true and fair view.
21. We confirm the financial statements are free of material misstatements, including omissions. We believe that those uncorrected misstatements identified during the audit are immaterial both individually and in aggregate to the financial statements as a whole. A list of these items is attached to this letter of representation, together with our reasons for not correcting them.
22. The costs that have been capitalised in respect of the Almshouses are appropriate and that the carrying value at 31 March 2016, including the Social Housing Grant are considered to be reasonable. The useful economic life and assessment of depreciation are considered to be reasonable in respect of the future economic benefit that is expected to be derived from the Almshouses.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

.....
The Chamberlain of London
Signed on behalf of the Trustee
On _____ (date)

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Action Plan – City’s Cash

Note: the references refer to the recommendation in Moore Stephens Audit Management Report at Annex 3

| <p>There are no audit recommendations specifically for City’s Cash - those listed below apply to all entities.</p> | | | |
|---|--|---|--|
| | Item | Action and Implementation | Responsibility |
| 1 | <p><u>Corporate Treasury Scheme of Delegation</u> (S6, item 2 on page 17)</p> <p>We recommend that the scheme of delegation for significant and material non-property transactions is amended, requiring that authorisation for such transactions comes from a member of the Corporate Treasury team and the Deputy Chamberlain.</p> | <p>With immediate effect, authorisation for such transactions will come from a member of the Corporate Treasury team and the Deputy Chamberlain.</p> | <p>Kate Limna, Corporate Treasurer</p> |
| 2 | <p><u>Inconsistent tenancy management records</u> (S6, item 3 on page 17 and S7, 1st item on page 19)</p> <p>We recommend that a regular sample check review is performed for investment properties to ensure that the rental amount recognised on CBIS has been agreed by both parties [Comptroller and City Solicitor and the Chamberlain’s Department] and that there is appropriate and consistent supporting evidence on file encompassing information from across</p> | <p>The Chamberlain’s Property Services Finance Team will carry out an independent quarterly sample check of invoices raised by the Comptroller and City Solicitor (CCS) and verify the amounts raised to the rental agreements held by the CCS which are filed on the KMX legal document system.</p> <p>The sample check will be completed one month after the end of each quarter, commencing with the current quarter (quarter 3) which ends on 31 December 2016. This sample check will be completed by 31 January 2017.</p> | <p>Hazel Lerigo, Interim Head of Finance Property Services</p> |

| | | | |
|---|---|--|---|
| | the Corporation. | | |
| 3 | <p><u>Authorisation of journal entries (S6, item 4 on page 17)</u></p> <p>We recommend that the Corporation review the policy in place regarding journal authorisation and consider either lowering the limit [from £100,000], or introducing a random sample check of journals posted of a lower amount across all funds and entities.</p> | The policy will be reviewed by 31 December 2016. | John James, Interim Deputy Financial Services Director. |
| 4 | <p><u>Documentation of formal impairment review (S7, last item on page 19)</u></p> <p>it is good practice to consider whether there have been any indicators of impairment as part of the year end processes and for those considerations to be documented.</p> | The impairment review will be documented in future, commencing with the review for the 2016/17 accounts closedown process. | Dianne Merrifield, Group Accountant (Capital). |

| | |
|---|---------------------|
| Committees: | Dates: |
| Audit and Risk Management Committee | 8 November 2016 |
| Finance Committee | 15 November 2016 |
| Subject: Bridge House Estates, City's Cash Trust Funds and Sundry Trust Funds Annual Reports and Financial Statements 2015/16 | Public |
| Report of: The Chamberlain | For Decision |
| Report Author: John James, Interim Deputy Financial Services Director | |

Summary

This report seeks approval for:

- the Annual Report and Financial Statements for Bridge House Estates for the year ended 31 March 2016 (Annex 2);
- the Annual Reports and Financial Statements for the City's Cash Trust Funds (not City's Cash itself which will be covered under a separate report) for the year ended 31 March 2016, these are listed at Annex 3 and have been placed in the Members' Reading Room; and
- the Annual Reports and Financial Statements for the Sundry Trust Funds for the year ended 31 March 2016, these are listed at Annex 4 and have also been placed in the Members' Reading Room.

The auditors Moore Stephens LLP intend to issue an unqualified audit and their Audit Management Report, including recommendations, is attached at Annex 5, which includes a comment from the Audit Review Panel. The City's action plan to address the audit recommendations is attached at Annex 6.

The financial statements of Bridge House Estates, City's Cash Trust Funds and the Sundry Trusts for the year ended 31 March 2016 have been prepared in accordance with the Charities Statement of Recommended Practice (SORP) in accordance with the Financial Reporting Standard 102 (FRS 102) as issued by the Financial Reporting Council effective from 1 January 2015.

Previously, the financial statements of BHE and all other trusts were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), now referred to as ‘previous UK GAAP’ (*paragraphs 6 to 8 of this report*).

The key points relating to Bridge House Estates are:

- the Statement of Financial Activities shows that net income of £41.0m was achieved in the year, which includes a gain in fair value on property investments of £55.9m and a loss on managed investments of £1.9m (*these figures can be seen on the Statement of Financial Activities on page 40*);
- Bridge House Estates net assets total £1,183.5m, an increase of £41.9m (3.7%) since last year, reflecting the surplus above and Bridge House Estates share of the actuarial gain on the City of London pension scheme (£0.9m) (*the £1,183.5m is shown on the Balance Sheet on page 41*);

With regard to the City’s Cash Trust Funds, these held total funds of £51.5m as at 31 March 2016, an increase of £6.5m (14.4%) from a year earlier (*paragraphs 17 to 20*).

The Sundry Trust Funds held total funds of £50.4m as at 31 March 2016, a decrease of £2.8m (5.3%) from a year earlier (*paragraph 21*).

Recommendations

The Audit and Risk Management Committee is requested to:

- consider the contents of Moore Stephens Management Letter; and
- recommend approval of the Annual Reports and Financial Statements for Bridge House Estates, City’s Cash Trust Funds and the Sundry Trust Funds for the year ended 31 March 2016 to the Finance Committee.

The Finance Committee is requested to:

- consider the contents of Moore Stephens Management Letter;
- approve the Annual Reports and Financial Statements for Bridge House Estates, City’s Cash Trust Funds and the Sundry Trust Funds taking account of any observations from the Audit and Risk Management Committee; and
- agree that the Annual Reports and Financial Statements are signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council.

Main Report

Introduction

1. The 2015/16 Annual Report and Financial Statements for Bridge House Estates are attached at Annex 2.
2. The 2015/16 Annual Reports and Financial Statements for City's Cash Trust Funds (not City's Cash itself which will be covered under a separate report) and the Sundry Trust Funds have been placed in the Members' Reading Room and are listed at Annexes 3 and 4 respectively.
3. The external auditor, Moore Stephens LLP intends to give an unqualified opinion on the Annual Reports and Financial Statements of Bridge House Estates, City's Cash Trust Funds and the Sundry Trust Funds and has issued the Audit Management Report set out in Annex 5. The Audit Management Report will be distributed to all Members of the Court of Common Council for information. Representatives from Moore Stephens LLP will be in attendance at the Audit and Risk Management Committee to present their report and to clarify any points or issues.
4. Moore Stephens report includes recommendations in sections 6 and 7 which cover all entities including City's Cash. Some of these recommendations only relate to one entity, whilst some apply to all entities. Seven recommendations apply to Bridge House Estates and the City's other trusts and an action plan to address these is attached at Annex 6.
5. The Audit Review Panel of the Chamberlain's and Bridgemasters' Accounts met on 10 October 2016 to review the processes adopted by Moore Stephens LLP and the Panel intends to certify that those processes were in accordance with the prescribed auditing standards.

Change to the financial statements - transition to FRS102

6. The financial statements of Bridge House Estates, City's Cash Trust Funds and the Sundry Trust Funds for the year ended 31 March 2016 have been prepared in accordance with the Charities Statement of Recommended Practice (SORP) in accordance with the Financial Reporting Standard 102 (FRS 102) as issued by the Financial Reporting Council effective from 1 January 2015.
7. Prior to the adoption of FRS102 the financial statements of Bridge House Estates, City's Cash Trust Funds and the Sundry Trust Funds were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), now referred to as 'previous UK GAAP'. The last

financial statements of Bridge House Estates, City's Cash Trust Funds and the Sundry Trust Funds prepared in accordance with previous UK GAAP were for the year ended 31 March 2015.

8. Bridge House Estates and each of the other Trusts have disclosed a transition statement to FRS102 setting out any changes to funds and net income/expenditure as a result of this change. For City's Cash Trusts and the Sundry Trusts changes arising from the implementation of FRS102 were minimal and did not result in a change to the funds held by each of the charities. For Bridge House Estates, the transition to FRS102 resulted in some presentational adjustments and minor changes as set out on pages 75 to 78 of the financial statements and summarised below.

- a. Lease incentives - FRS102 requires lease incentives, which reduce rental income in the initial years of the lease, to be allocated over the term of the lease.

Previous UK GAAP required lease incentives to be allocated over the shorter of the lease term and the period ending on the date from which it is expected the prevailing market rental will be payable.

This change means that rental income is now 'smoothed' over a generally longer period which, at the transition date of 1 April 2014, led to an increase of £0.1m in the level of accrued rental income. The movement for the year ended 31 March 2015, was a further increase in accrued income of £0.1m.

- b. Lease incentives – as the valuation of investment properties is partly based on future rental income (see change noted at 1 above), a corresponding reduction was made to the value of investment properties reflecting that a lower level of income will be recognised in later years.
- c. Holiday pay accruals – previous UK GAAP had no specific requirement to make accruals for employee entitlement to paid holiday leave not yet taken as at year end. FRS102 explicitly requires accruals to be made for holiday pay as the employees earn the right to the paid leave. The initial provision recognised at the date of transition, 1 April 2014, was for the holiday entitlement arising in the year which was due but taken (£0.04m). The movement in the provision for the year ended 31 March 2015 was also recognised as an effect of transition (£0.06m).

Key highlights from the financial statements

Bridge House Estates - Statement of Financial Activities

9. On page 40 of the financial statements, the Statement of Financial Activities for the year shows a net increase in funds of £41.9m (3.7%). This comprises net incoming resources of £41.0m on general and designated funds (which includes a gain in fair value on property investments of £55.9m and a loss in fair value on managed investments of £1.9m) and Bridge House Estates share, £0.9m, of the decrease in the City of London pension scheme deficit.

Comparison with Previous Year

10. The first line on the table below indicates the underlying position before taking account of the fair value movement on investments (i.e. a decrease of £1.1m in net expenditure, from £14.1m to £13.0m). Subsequent lines show the fair value movements on investments (both managed funds and property investments) together with BHE's share of the decreased deficit on the City of London Pension Scheme. This resulted in an overall net increase in funds of £41.9m compared to an increase in funds of £117.7m during the previous year.

| | 31/3/16 | 31/3/15 |
|--|----------------|----------------|
| | £m | £m |
| Net outgoing resources before gain/(loss) in fair value of investments | (13.0) | (14.1) |
| Gain/(loss) in fair value of managed investments | (1.9) | 65.1 |
| Gain in fair value of property investments | 55.9 | 68.5 |
| Net incoming resources before other recognised gains and losses | 41.0 | 119.5 |
| Gain/(loss) on defined benefit pension scheme | 0.9 | (1.8) |
| Net increase in funds | 41.9 | 117.7 |

11. The net increase in funds of £41.9m was £75.8m lower than in 2014/15, which is mainly due to:

- the gain in fair value on managed investments reducing by £67.0m, from a gain of £65.1m in 2014/15 moving to a loss in of £1.9m in 2015/16 due to less favourable market conditions;
- the gain in fair value on property investments reducing by £12.6m, from a gain of £68.5m in the 2014/15 to a gain of £55.9m in 2015/16;
- an increase in bridges expenditure of £1.9m, which is primarily due to funding a new staircase between London Bridge and the riverside walkway;

partly offset by:

- an increase in investment property income of £3.3m;
- the actuarial loss on the pension scheme in the prior year moving to a gain – an overall improvement of £2.7m; and
- a decrease in grants to voluntary organisations £1.4m.

Comparison with Budget

12. The financial statements and the budget are not directly comparable due to differences in the way in which the two documents are constructed*. However, compared with a budgeted net surplus of £1.6m as detailed in Annex 1, the outturn on a like for like basis is a surplus of £3.5m, a favourable movement of £1.9m.
13. The budget and outturn can also be analysed on a Committee basis as shown in the second table in Annex 1.
14. The better than budget position of £1.9m comprises:
 - £1.5m of the £19.6m grants budget not being utilised;
 - £0.8m of additional income from Tower Bridge tourism due to visitor numbers exceeding forecasts;

* the budget includes the draw-down from non-property investments, whereas the Statement of Financial Activities (SoFA) does not as this is a transfer between investments and cash, however, the SoFA includes the movements in fair value of investments but the budget does not account for such movements in the market value of assets. The budget also does not include accounting adjustments for holiday pay accruals and pension scheme actuarial gains or losses.

- £0.7m of additional rent income from investment properties;
 - £0.3m of central contingencies and provisions not being required;
 - £0.1m of other net reductions in operating costs across services;
- partly offset by:
- £1.5m funding for the construction of a new staircase between London Bridge and the riverside walkway.

15. In accordance with the City's budget management arrangements, requests to carry forward unspent budgets totalling £1.6m have been agreed by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub-Committee including £1.5m for Bridge House Estates grants.

Bridge House Estates – Balance Sheet

16. Bridge House Estates net assets total £1,183.5m as at 31 March 2016 compared to £1,141.6m a year earlier, reflecting the net increase in funds of £41.9m indicated in paragraph 9 (*these figures can be seen in the Balance Sheet on page 41*).

Subsequent Events

17. As stated in the notes to the financial statements, there are risks to Bridge House Estates from the vote to leave the EU. In particular, the future levels of demand for office accommodation in the City and surrounding areas and the consequential impacts on rent incomes. A close watching brief will be kept on this and other implications as events unfold during the coming months with financial forecasts being refreshed if and when the picture becomes clearer.

City's Cash Trust Funds

18. The City's Cash Trust Funds comprise seven open space charitable funds and the Sir Thomas Gresham Trust Fund as listed in Annex 3.

19. These Trusts ended the year with net incoming resources of £8.3m (2014/15: net incoming resources of £4.0m) which comprised the following:

- Incoming resources of £29.3m:

- funding from the City of London totalling £24.4m (2014/15: £19.3m) and;
 - income of £4.9m (2014/15: £5.3m) from investments and charitable and voluntary sources;
 - Resources expended of £21.0m:
 - charitable expenditure of £20.8m (2014/15: £20.4m) on the running of the open spaces and Gresham Almshouses; and
 - support services costs of £0.2m (2014/15: £0.2m).
20. Managed investments, held mainly by Hampstead Heath, suffered from an unrealised net loss in market value of £1.8m (2014/15: net gain of £1.8m).
21. At 31 March 2016, City's Cash Trust Funds held total reserves of £51.5m (2014/15: £45.0m) an increase of £6.5m (14.4%) compared to a year earlier.

Sundry Trust Funds

22. The Sundry Trust Funds comprise the separate charitable funds listed at Annex 4. Excluding the Charities Pool (which is an investment vehicle for the other charities), the remaining 19 Trusts:
- received income of £3.5m (2014/15: £3.4m) of which £2.1m was from investments (2014/15: £2.1m);
 - had unrealised losses of £3.0m from managed investments (2014/15: £3.0m gains);
 - incurred charitable expenditure of £3.1m (2014/15: £3.3m) including:
 - £1.1m towards the running costs of Hampstead Heath (2014/15: £1.2m);
 - £1.2m (2014/15: £1.3m) comprising 608 grants and 69 bursaries paid to individuals or organisations (2014/15: 636 grants and 63 bursaries);
 - £0.5m towards the running costs of Keats House (2014/15: £0.4m); and
 - £0.3m towards the running costs of the City of London Almshouses (2014/15: £0.3m);

- incurred governance and administration costs of £0.2m mainly due to the costs of the fund managers (2014/15: £0.2m); and
- held total funds of £50.4m as at 31 March 2016, a decrease of £2.8m (5.3%) from a year earlier (2014/15: £53.2m increased funds).

Approval of the Financial Statements

23. The Chairman and Deputy Chairman of the Finance Committee will be requested to approve and sign the financial statements on behalf of the Court of Common Council.

Annexes

Annex 1 – Bridge House Estates - comparison of outturn with budget

Annex 2 – Annual Report and Financial Statements of Bridge House Estates

Annex 3 – List of City’s Cash Trust Funds

Annex 4 – List of Sundry Trusts

Annex 5 – Moore Stephens Audit Management Report (*Please see also City’s Cash 2015/16 – Annex 3*)

Annex 6 – Action plan to address Moore Stephens recommendations

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Group Accountant

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Bridge House Estates - Comparison with Budget

| Bridge House Estates Outturn 2015/16 | | | |
|--|-------------|-------------|---------------------------------|
| | Budget | Outturn | Variation Better/ (Worse) |
| | £m | £m | £m |
| 1. Net Expenditure on Services | (8.6) | (9.7) | (1.1) |
| 2. Supplementary Revenue Projects | 0.0 | (0.1) | (0.1) |
| 3. Bridges Repairs Fund Contribution | (1.1) | (1.1) | 0.0 |
| 4. Estate Rent Income | 20.6 | 21.4 | 0.8 |
| 5. Non-property investment income (net) | 10.2 | 11.1 | 0.9 |
| 6. Interest on balances | 0.1 | 0.0 | (0.1) |
| 7. Revenue Surplus | 21.2 | 21.6 | 0.4 |
| 8. Charitable Grants | (19.6) | (18.1) | 1.5 |
| 9. (Deficit) Surplus (from) to reserves | 1.6 | 3.5 | 1.9 |

Bridge House Estates - Comparison with Budget on a Committee Basis

| 2015/16 Budget v Outturn - Bridge House Estates Summary by Committee | | | | | |
|--|------------|------------|----------------------------|------------|-----------------------------------|
| | Budget | Outturn | Variation Better / (Worse) | | |
| | | | Total | Local Risk | Central Risk/ Support Services |
| Committee | £m | £m | £m | £m | £m |
| The City Bridge Trust | (20.9) | (19.3) | 1.6 | 0.1 | 1.5 |
| Culture, Heritage & Libraries | 0.8 | 1.6 | 0.8 | 0.8 | 0.0 |
| Finance | 10.3 | 11.1 | 0.8 | 0.0 | 0.8 |
| Planning and Transportation | (3.8) | (6.0) | (2.2) | 0.0 | (2.2) |
| Property Investment Board | 15.2 | 16.1 | 0.9 | 0.0 | 0.9 |
| (Deficit) Surplus (from) to reserves | 1.6 | 3.5 | 1.9 | 0.9 | 1.0 |

Bridge House Estates

**The Trustee's Annual Report
and Financial Statements
for the year ended 31 March 2016**

Charity number 1035628

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Contents

Trustee's Annual Report

| | |
|---|----|
| 1. Reference and Administrative Details | 2 |
| 2. Structure, Governance and Management | 3 |
| 3. Objectives and Activities | 8 |
| 4. Aims, Achievements, Performance and Future Plans | 11 |
| 5. Financial Review | 29 |
| 6. Explanation of the Financial Statements | 35 |
| 7. Responsibilities of the Trustee | 35 |
| 8. Adoption of the Annual Report and Financial Statements | 36 |

| | |
|-------------------------------------|-----------|
| Independent Auditor's Report | 37 |
|-------------------------------------|-----------|

| | |
|---|-----------|
| Report of the Audit Review Panel | 39 |
|---|-----------|

| | |
|--|-----------|
| Statement of Financial Activities | 40 |
|--|-----------|

| | |
|----------------------|-----------|
| Balance Sheet | 41 |
|----------------------|-----------|

| | |
|--------------------------------|-----------|
| Statement of Cash Flows | 42 |
|--------------------------------|-----------|

| | |
|--|-----------|
| Notes to the Financial Statements | 44 |
|--|-----------|

| | |
|--------------------------------|-----------|
| List of Grants approved | 79 |
|--------------------------------|-----------|

| | |
|---------------------------------|------------|
| Membership of Committees | 104 |
|---------------------------------|------------|

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

1. Reference and Administrative Details

Bridge House Estates is a Trust governed by various instruments which are listed on page 3. In March 1994 it was registered with the Charity Commission.

| | |
|--|--|
| Charity Name | Bridge House Estates |
| Other Working Names | Bridge House Estates Trust Fund Bridge House Trust Bridge House Grants The City Bridge Trust |
| Charity Number | 1035628 |
| Registered Address | Guildhall, London, EC2P 2EJ |
| Trustee | The Mayor and Commonalty & Citizens of the City of London |
| Chief Executive | John Barradell OBE - The Town Clerk of the City of London Corporation |
| Treasurer | Dr Peter Kane - The Chamberlain of London |
| Solicitor | Michael Cogher - The Comptroller and City Solicitor |
| Bank | Lloyds TSB Bank plc |
| Discretionary Fund Managers | Ares Management LLC, Artemis Investment Management Ltd, Carnegie Financial Services SA, Collier International Partners VII LP, Crestview Partners LLC, DIF Infrastructure IV Cooperatief UA, Environmental Technologies Fund Manager LLP, Exponent Private Equity LLP, Frontier Capital, GMO (U.K.) Ltd, IFM Global Infrastructure (UK) LLP, M&G Investment Management Ltd, Natixis International Funds (Harris Associates), NCM Management (UK) Ltd, New Mountain Capital LLC, Pyrford International Plc, Ruffer LLP, Southeastern Asset Management Inc., Standard Life Investments Ltd, Standard Life Investments Private Equity Ltd, Veritas Asset Management LLP, Warburg Pincus LLC, Wellington Management Co LLP, Wellington Management International and YFM Equity Partners Ltd. |
| Chartered Accountants and Statutory Auditor | Moore Stephens LLP, 150 Aldersgate Street, London, EC1 4AB |

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

2. Structure, Governance and Management

Founders

By various bequests over the centuries

Governing Instruments

A Royal Charter of 24 May 1282

The Blackfriars Bridge Act 1863

The Blackfriars and Southwark Bridges Act 1867

The Corporation of London (Tower Bridge) Act 1885

The Corporation of London (Bridges) Act 1911

The City of London (Various Powers) Act 1926, section 11

The City of London (Various Powers) Act 1949, section 13

A supplemental Royal Charter of 26 November 1957

The City of London (Various Powers) Act 1963, section 32

The London Bridge Act 1967

The City of London (Various Powers) Act 1979, section 19

The Charities (Bridge House Estates) Order 1995

(S.I.1995/1047)

An Order of the Charity Commission sealed 10 July 1997
(350.97)

An Order of the Charity Commission sealed 20 July 1998
(251.98)

The Charities (Bridge House Estates) Order 2001
(S.I.2001/4017)

The Charity Commission Scheme dated 26 August 2005

The Charities (Bridge House Estates) Order 2007 (S.I.
2007/550)

The Mayor and Commonalty and Citizens of London (also referred to as 'the Corporation' or 'the City of London Corporation'), a body corporate, is the Trustee of the charity known as 'Bridge House Estates'.

Trustee selection methods

For practical purposes the Trust was managed during the year by six committees of the City of London Corporation, membership of which is drawn from the Court of Common Council. Members of the Court of Common Council are unpaid and are elected by the electorate of the City of London. The Annual Report and Financial Statements are reported to the Common Council of the City of London Corporation each year. The audit firm is appointed from a panel of six partners of firms who are elected by Common Hall (a meeting of the Livery of London). The Committees of the City of London Corporation which had responsibility for managing the Charity during 2015/16 are as follows:

Investment Committee responsible for the strategic oversight and monitoring of the performance of the City Corporation's investments which are managed by three separate Boards, namely the Financial Investment Board, the Property Investment Board and the Social Investment Board.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

- *Property Investment Board* responsible for the management of the Trust's commercial estates held for investment purposes.
- *Financial Investment Board* responsible for the management of the Trust's non-property investment arrangements.
- *Social Investment Board* - during 2012/13, the City Corporation's Court of Common Council agreed to set aside up to £20m from Bridge House Estates for the purpose of making financial investments, generating a financial return consistent with the investment criteria set by the Trustee, in the social investment market with the associated social impact. This sum, referred to as the City of London Corporation Social Investment Fund, is administered by the City Bridge Trust, and governed by a Social Investment Board which reports to the Investment Committee.

Policy and Resources Committee responsible for allocating resources, administering the Trust, and for determining the investment strategy between property and non-property investments.

Finance Committee responsible for controlling support costs and other central charges that affect the Trust as a whole.

Planning and Transportation Committee responsible for the construction, maintenance and upkeep of the bridges with the exception of the tourism operation at Tower Bridge.

Culture, Heritage and Libraries Committee responsible for the tourism operation at Tower Bridge.

The City Bridge Trust Committee is responsible for giving individual grants up to £500,000 to voluntary organisations in accordance with the *cy-près* scheme which was agreed by the Charity Commissioners and Parliament in April 1995. Any grant above £500,000 has to be agreed by the Court of Common Council. The working name of the grant-making activity is The City Bridge Trust.

A full list of Committee Members is shown on pages 104-108.

In making appointments to Committees, the Court of Common Council will consider the recommendations of the ward deputies, who will take into consideration any particular expertise and knowledge of the Members.

Policies and procedures for the induction and training of trustees

The City of London Corporation makes available to its Members, seminars and briefings on various aspects of the City's activities, including those concerning Bridge House Estates, to enable the Members to carry out their duties efficiently.

The City Bridge Trust Committee has an ongoing commitment to learning and development. The Trust has Investor in People accreditation which is an external validation of the approach to valuing and developing the skills of both Committee Members and staff.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Elected Members of the City Bridge Trust Committee have an induction including a briefing on the roles and responsibilities of charity trusteeship, highlighting the issue of "self- benefit" and conflicts of interest for corporate trustees and public benefit requirements. The history, policies and procedures of the Trust are also covered and Members of the Committee receive detailed policy guidelines and copies of published materials.

All new Members of the Committee join staff on visits to applicant organisations to observe the assessment processes of the Trust. Members regularly accompany Grants Officers on monitoring visits to see work being funded first-hand, as well as attending promotional events of charities supported by the Trust, thereby broadening the knowledge base of the Committee and improving decision making.

The City Bridge Trust Committee usually meets six times a year to make decisions on grant applications received and on policy matters relating to the grant-making and related activities of the Trust. It receives briefings on charity legislation and on issues affecting the charitable sector in London, for example, the Charities and the Social Investment Bill. Speakers on topics pertinent to the work of the Trust are regularly invited to attend meetings, and during the year, topics included:

- Disability & Employability
- Mental Health
- London's Environment
- Human Trafficking

Members of the City Bridge Trust Committee also attend an annual away half-day. This is externally facilitated and external 'experts' are invited to speak on subjects of relevance to the Trust. This enables Members and officers of the Trust to work together and reflect on the future strategic direction of the Trust.

At least two substantial papers are produced for Members of the City Bridge Trust Committee each year giving detailed statistical and qualitative analysis of the monitoring of the Trust's funding and its impact. Such information ensures the Committee is kept properly briefed as to emerging trends in order to inform both strategic and operational planning. A progress report against the business plan is given to the Committee on a quarterly basis.

Organisational structure and decision making process

The Committees which governed the Charity's activities in 2015/16 are noted above. All of these Committees were ultimately responsible to the Court of Common Council of the City of London. The decision making processes of the Court of Common Council are set out in the Standing Orders and Financial Regulations governing all the Court of Common Council's activities. The Standing Orders and Financial Regulations are available from the Town Clerk at the registered address.

Key management personnel remuneration

The trust considers its key management personnel comprise the trustees and senior officers employed by the City of London Corporation which manage the activities of the Trust. These include the Town Clerk and Chief Executive, Chamberlain, Deputy Town Clerk, Comptroller and City Solicitor, City Surveyor, Director of Culture, Heritage and Libraries and the Chief

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Grants Officer. These officers work on a number of the City of London Corporation's activities and their salaries and associated costs are allocated to the activities under its control, including this trust, on the basis of employee time spent on the respective services. The proportion of their employment benefits, including employer pension contributions, allocated to the trust amounted to £198,000 in 2015/16 (2014/15: £197,000). Trustees are unpaid and do not receive allowances.

The pay of the trust's senior staff is reviewed annually in-line with any uplift awarded to employees across the City of London Corporation. With regard to recruitment and retention, if this has proven difficult then a market forces supplement may be added to an employee's basic salary. The City of London Corporation is committed to attracting, recruiting and retaining skilled people and rewarding employees fairly for their contribution. As part of this commitment, staff are regularly appraised and, subject to performance, eligible for the payment of bonuses and recognition awards.

Risk Management Statement

The Trustee is committed to a programme of risk management as an element of its strategy to preserve the Charity's assets, enhance productivity for service users and members of the public and protect its employees.

In order to embed sound practice a Strategic Risk Management Group is in place to ensure that risk management policies are applied, that there is an ongoing review of risk management activity and that appropriate advice and support is provided to Members and officers.

The City of London Corporation has approved a strategic risk register for all of its activities. This register helps to formalise existing processes and procedures and enables the City of London Corporation to further embed risk management throughout the organisation. A key risk register has been prepared for this Charity, which has been reviewed by the Trustee. It identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

The principal risks faced by the charity lie in ensuring; appropriate returns from investments and trading activities, the bridges remain safe and operational, that grant making is effective and that information systems are resilient.

Property Investments

The property investments of Bridge House Estates are managed by the City Surveyor's Department within the context of a Member approved Estate's Strategy. This strategy is reviewed in depth by Member's on a three-yearly basis and Members also receive an annual report assessing progress. The Estate's overall objectives are; to at least achieve, and ideally outperform its Benchmark for Total Return on an annualised five year basis and to maintain and maximise rental income at least in line with inflation. Further details can be found in the Property Investment Policy on page 34.

Non-property Investments

The main risks are a potential decline in income from non-property investments and a reduction in income from cash balances. Controls are in place to mitigate these risks, including an investment strategy devised to reduce risk through the use of a range of fund managers implementing different investment mandates. With regard to surplus cash, this is invested with a carefully selected and regularly reviewed range of counterparties and across various time periods

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

to maximise returns. Returns from both managed investments and cash are closely monitored throughout the year.

Bridges

Regular surveys of the bridges are carried out and a programme of repair and maintenance works is in place to ensure the bridges remain safe and operational. New legislation is reviewed to ensure that loadings on the bridges or changes of use are managed through strengthening or restrictions. The Tower Bridge bascule operation is subject to regular review and maintenance of the lifting machinery and hydraulic systems and the computerised control system.

Effective grant making

The main risks are financial loss through fraud or theft due to ineffective assessment of grant applicants and negative publicity leading to reputational damage. To mitigate these risks the Trust operates an open, transparent and rigorous grants assessment process.

Resilient Information Systems

A major systems outage would cause disruption, and potentially, operations would be compromised. To mitigate this risk information systems are subject to on-going monitoring and renewal to ensure resilience. In addition, a disaster recovery procedure is in place to mitigate the impact of IT failure.

Public Benefit Statement

The objects of the charity are the maintenance of the river bridges and grant making and related activity for the benefit of Greater London. The Trustee confirms it has referred to the Charity Commission guidance on public benefit when reviewing aims and objectives and when making future plans and setting grant making policy.

The river bridges maintained by the charity are open to the public at large, assuring public benefit on an open access basis. There are no restrictions regarding the members of the public who may use the bridges and no fees are charged.

The sections of this report relating to the Trust's grant making and related activities set out how we further achieve our charitable purposes for the public benefit. Third sector organisations and their services for the public are strengthened by the Trust's funding. The public benefiting from the Trust's funding are primarily the inhabitants of Greater London. Grants are awarded at the Trustee's discretion, based upon published criteria and a transparent and fair assessment process. Fees are not charged for our services and our grant making aims to address disadvantage across London's diverse communities.

All properly constituted, not-for-profit third sector organisations which meet our programme objectives are eligible to apply. The public benefit is delivered by the charities which receive grants from the Trust. The City Bridge Trust Committee ensures a robust monitoring system is in place to establish the benefit derived from each grant in order to be confident of meeting its public benefit obligations.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

3. Objectives and Activities

Bridge House Estate's origins and income

The origins of Bridge House Estates can be traced back to 1097 when William Rufus, second son of William the Norman, raised a special tax to help repair London Bridge. By the end of the twelfth century, the shops and houses adorning Peter de Colechurch's new stone London Bridge were beginning to generate not only increased cross-river trade, but also increased taxes, rents and bequests. A significant fund began to accumulate and it was administered from a building on the south side of the bridge called Bridge House. Over succeeding centuries this fund has been skilfully administered by the City of London, which was confirmed as Trustee in the supplemental Bridge House Royal Charter of 1957.

The income of the Trust is derived from property rents and invested monies. It can be used for the provision of facilities for visitors at Tower Bridge, maintenance of all the Thames bridges, and the maintenance and protection of the Trust's income-producing assets, such as its portfolio of commercial property. After these responsibilities have been met, the Trust can use any surplus income for charitable grants benefiting the inhabitants of Greater London, under a scheme agreed with the Charity Commissioners in 1995. Part of the Trust's capital is invested in stocks and shares, in accordance with the investment powers of the Trust.

The Bridge House Estates mark has been the identifying emblem of the Charity for many centuries. It is likely that the mark as we know it today was designed by William Leybourn, a famous seventeenth century surveyor. Leybourn is thought to have adapted a similar mark drawn against plots owned by Bridge House Estates on an earlier plan of St George's Fields, London.

The work of Bridge House Estates reaches out across London in many important and diverse ways.

The River Bridges

The core business of the Charity has been for many centuries the bridges. The Charity in some cases has built, and now maintains five of the bridges that cross the Thames into the City of London – Blackfriars Bridge, Millennium Bridge, Southwark Bridge, London Bridge, and Tower Bridge. The maintenance and eventual replacement of these bridges remains the prime objective of the Charity. They are gateways to the City and require sustained and expert maintenance.

The bridges are considered to be heritage assets (accounting policies note 1(d) on pages 45 and 46 refers).

Blackfriars Bridge

The first Blackfriars Bridge was originally built between 1760-1769 and was known as 'Pitt Bridge' after William Pitt. This structure was replaced between 1860-1869 with a design by Joseph Cubitt of five wrought iron arches faced with cast-iron, on granite piers. The decorations include ornithological sculptures surmounting the granite columns on each cutwater, archaded cast iron parapets and enormous attached columns in red granite with Portland stone capitals. The sculptures depict land birds on the landward side of the bridge

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

and sea birds on the side facing the sea. Queen Victoria opened the bridge in 1869 and it remains the busiest of the four road bridges in the City with an average of 54,000 vehicles passing over it each day. There is no weight limit for vehicles.

The Millennium Bridge

The first new pedestrian bridge to be built across the Thames for over a century, the Millennium Bridge links the City at St Paul's Cathedral with the Tate Modern Gallery at Bankside. It provides an invaluable link between north and south of the river for commuters and communities.

Funded by the Bridge House Estates and the Millennium Commission, the 'Blade of Light' is a 325 metre steel pedestrian bridge, conceived by Anthony Caro and built by Ove Arup and Foster Associates under the project management of the London Borough of Southwark.

The Worshipful Company of Scientific Instrument Makers installed a two metre high glass obelisk under the north side of the Bridge on the riverside walkway as a millennium gift to the City.

Southwark Bridge

Southwark Bridge was originally built between 1814-1819 and was purchased by the Trust in 1868. The City of London had been trying to obtain control since 1827 to catch criminals escaping to Southwark, outside its jurisdiction! It was replaced between 1912-1921 with a design by Sir Ernest George and Basil Mott and comprises five steel arches with granite cutwaters and fancy granite piers. There is no weight limit for the estimated 17,000 vehicles which cross the bridge every day.

London Bridge

The first stone bridge across the Thames was built between 1176-1209 and replaced between 1823-1831. The current bridge was built between 1967-1972 and designed by the City Engineer, Harold Knox King with architects Mott, Hay & Anderson and William Holford & Partners.

Made of concrete with polished granite, the bridge has three spans founded on concrete piers fixed deep into the river clay. It was opened by Her Majesty The Queen in 1973.

Although there is no weight limit on the bridge itself, there is a 17 ton limit on the Monument pedestrian subway.

Tower Bridge

Tower Bridge, designed by the Victorian architect Horace Jones, was opened in June 1894 after eight years of construction. It is a working bascule and suspension bridge, constructed as a steel frame clad in stone and granite in Gothic style to complement the neighbouring Tower of London.

Under the Corporation of London (Tower Bridge) Act 1885, the City of London Corporation is required to raise the Bridge to provide access to and egress from the Upper Pool of London for

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

registered vessels with a mast or superstructure of 30 feet or more. The service is provided free of charge subject to 24 hours' notice and is available any time, day or night, 365 days per year. The Bridge is raised around 850 times each year.

The City ensures that the Bridge is properly maintained and protected as part of the nation's heritage. As it has been designated a Grade 1 listed building, any adaptations carried out to the Bridge externally or internally are subject to approval by English Heritage and the local planning authorities.

The Bridge was originally painted brown but this was changed to red, white and blue for the Queen's Silver Jubilee in 1977. The most recent repainting of the bridge was completed in 2011 in time for the Bridge to be featured in the promotion of the London Olympics and Paralympics 2012.

Tower Bridge is a world famous icon of London and in order to allow UK visitors and tourists from abroad access to the internal areas of the Bridge a public exhibition has been provided since 1982. The exhibition showcases the Victorian architecture, engineering and also the original Victorian Engines used to power the lifting of the Bridge.

2015/16 saw exceptionally high numbers of visits to the exhibition based on continued public interest in the glass floor feature, installed in November 2014. The number of visitors to the Exhibition for the year was above target by 11% and above 2014/15 performance by 18%. This is the first year the Bridge has exceeded the milestone of 800,000 visitors.

The high level walkways, 42 metres above the Thames, provide panoramic views towards Wapping, Canary Wharf and Greenwich to the east and, of the City and central London skyline to the west.

The high level walkways and Engine Rooms are a popular venue for corporate and private events and wedding receptions. The North Tower Lounge is regularly used for smaller events, including meetings and wedding/civil ceremonies.

The Tower Bridge formal learning programme has continued to attract new and repeat schools. Between April 2015 and March 2016, 2,843 pupils have participated in the programme leading to a direct increase in paying child group visits to the Exhibition; an increase of 59% compared to the same period in 2014/15. Feedback continues to be overwhelmingly positive and a good level of publicity within the education industry has been achieved. The Education provision at Tower Bridge aligns directly with the City's Education Strategy.

The operational and tourism activities at Tower Bridge are also funded by the Bridge House Estates Trust.

The Grant-Making Activity of City Bridge Trust

The sound management of the Charity by the City of London Corporation means it is possible to release considerable surplus funds in support of the second key area of Bridge House Estates' work – namely the provision of vital assistance to charitable organisations across Greater London through the work of its grant-making arm. This wide-ranging support

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

amounted to £18.5 million (£18.3–million after write backs) in 2015/16 (2014/15: £20.3 million, £19.9 million after write backs) and was used in accordance with the governing instruments:

- in or towards the provision of transport, and access to it, for elderly or disabled people in the Greater London area; and
- for other charitable purposes for the benefit of the inhabitants of Greater London in such ways as the Trustee thinks fit.

The Trust meets its objectives through three key areas of activity:

- grant-making
- social investment
- encouraging philanthropy

A detailed account of the grant-making can be found in the City Bridge Trust's Annual Review 2016 available from:

City Bridge Trust
City of London Corporation
PO Box 270
Guildhall
London EC2P 2EJ

020 7332 3710
citybridgetrust@cityoflondon.gov.uk
www.citybridgetrust.org.uk

4. Aims, Achievements, Performance and Future Plans

The Charity's main objectives for the year were to continue to maintain the five river bridges as an important part of London's infrastructure and transport links, in accordance with the ongoing maintenance programme and to provide grants to voluntary organisations in accordance with the grant giving policies.

The River Bridges

The five bridges across the River Thames form a vital part of London's transport infrastructure and are gateways into the City. To ensure they play their part effectively they require sustained and expert maintenance.

The condition of the structures is monitored biennially by undertaking a programme of general inspections with a detailed principal inspection being carried out in the sixth year. Any defects or deterioration in the structural fabric is identified during these inspections and a programme of preventive and reactive maintenance determined.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

In addition, a Repairs, Maintenance and Major Works Fund is operated to provide sufficient resources to meet the enhanced maintenance costs of the five bridges over a period of at least 50 years.

The River Bridges - key activities in 2015/16

The first repainting of Millennium Bridge was successfully completed.

A new staircase to London Bridge was successfully completed and opened by the Lord Mayor on the 16 May 2016.

Blackfriars has seen the introduction of the new Cycle Superhighway across the bridge and we have worked closely with TfL to ensure protection of the bridge structure. The Bridge has also had investigations and intrusive works partly removing a section of parapet for the Thames Tideway Project and the proposed lift and stairs on the north side. We continue to work with Thames Tideway and their recently appointed Contractor Ferrovia Agroman UK Ltd to ensure protection of the bridge. The parapet testing will be completed in 2016 and any works will be co-ordinated with Thames Tideway and the Port of London Authority.

The design and build tender for re-decking the bascules of Tower Bridge, waterproofing the approaches and other mechanical repairs/servicing was successfully completed and preparatory works are underway for the closure from October to December 2016 to allow the works to take place.

The River Bridges - key activities in 2016/17

In 2016/17, the re-decking of Tower Bridge is planned to take place, which will involve a complete stripping down of the Tower Bridge bascules' decking, including repairs, repainting of steelwork and reinstatement of the road build up. A major excavation to the northern approach viaduct arches is also being undertaken, in order to provide a new waterproofing membrane followed by reconstruction of the footways and carriageways.

The Grant-Making Activity of City Bridge Trust

A scheme was agreed by the Charity Commission in 1995 which enabled the Trust to use its surplus income after meeting its responsibilities for the maintenance and replacement of the bridges, referred to in the preceding pages, for charitable purposes benefiting the inhabitants of Greater London.

During the year, as a result of the careful stewardship of the Bridge House Estates' charitable assets, it was agreed that additional surplus income could be made available for grant-making, amounting to at least £3m in 2015/16, at least £4m in 2016/17 and at least £5m in 2017/18, giving an annual grants budget of approximately £20m in each of those three years.

Vision

A fairer London.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Mission

To tackle disadvantage in London through grant-making, social investment, encouraging philanthropy and influencing public policy.

Values

- Independence
- Inclusion
- Integrity

Key Activities 2015/16

- Delivery of the grants programmes: Investing in Londoners.
- Marked the 20th anniversary of the Trust as a funder, through a series of activities, including the award of 20 unrestricted grants of £20,000 to 20 of the original recipients of funding from the Trust and which had a turnover of less than £1m (see pages 95-97). The anniversary year culminated in a reception on Tower Bridge in March 2016, showcasing the work of these grantees.
- Strategic initiatives that enable the Trust to inform and add value to its wider grant-making.
- The implementation of the Trust and City of London Corporation's shared social investment strategy, in particular through the administration of the £20m Social Investment Fund.
- The ongoing development of the Trust and City of London Corporation's shared philanthropy strategy through the 'City Philanthropy – A Wealth of Opportunity' initiative.
- The continued implementation of the recommendations of a strategic resource and impact review undertaken during 2014/15.

Investing in Londoners

This year the Trust continued to run its 'Investing in Londoners' programmes, launched in September 2013. Details of all the grants approved in 2015/16 are shown on pages 79-103 and a full report on the grant giving is provided in the City Bridge Trust's Annual Review 2016 which is a separate publication.

The Grant-Making Policies

Each programme has clear and well publicised priorities which are actively promoted within the voluntary sector (not for profit and non-governmental organisations) through a communications plan, including road shows and presentations. These priorities are reviewed at five yearly intervals in consultation with the voluntary sector, other funders (public and independent) and key commentators and policy makers. The next Quinquennial Review is due to commence during 2016/17.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Aside from its cycle of Quinquennial Reviews, the priorities are reviewed and modified if necessary in the light of changing needs in Greater London and following appropriate consultation.

Details of the Trust's policies and procedures can be found on its website www.citybridgetrust.org.uk where all grants, listed meeting by meeting, can be found.

Most of the Trust's programmes have no deadlines for applications and the target is to process an application within 4 months of its receipt. The City Bridge Trust Committee, the decision-making body, holds six meetings per year. All of the decisions on grant applications are taken in public. All applicants have access to reports and recommendations written about them as these are in the public domain.

Applicants are encouraged to contact the Trust for initial guidance before making an application. Feedback is offered to unsuccessful applicants.

Operating Environment

Considerable disadvantage unfortunately remains in London. Key funding streams from central government, regional development bodies, London Councils and local authorities have either been withdrawn completely or considerably reduced and further public spending reductions will be implemented in 2016/17. With some Londoners living on reduced incomes (whether as a result of unemployment, reduced salaries, or cuts in benefits), the voluntary sector is experiencing ever greater calls on its services at a time of reduced funding opportunities.

During the year, as a result of the careful stewardship of the Bridge House Estates' charitable assets, it was agreed that additional surplus income could be made available for grant-making, amounting to at least £3m in 2015/16, at least £4m in 2016/17 and at least £5m in 2017/18.

As London's largest independent grant-making trust, the Trust occupies a distinctive and privileged space in London. It therefore has a responsibility to ensure that its objectives are driven by a commitment to better understand London's communities and how it can best meet those needs. It is vital that it makes best use of all its assets – its financial assets obviously, but also its intellectual capital, its power as a convenor, and its ability to act as a bridge between the City Corporation and London's communities.

Grant-Making 2015/16

472 applications with a 55% success rate

260 grants totalling £18,552,340 (£18,342,301 after write backs)

Write backs for the year amounted to £210,039 (2014/15: £409,054). Write backs relate to grants given in either the current, or previous financial years, that are no longer capable of being used for the purpose for which they were given. They are therefore written back to the grants budget for re-distribution.

Investing in Londoners

The majority of grants awarded in 2015/16 were through our Investing in Londoners programmes:

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Making London more inclusive

Aim:

We aim to fund projects that enable disabled people to live independently and fully participate in society.

Achievements:

44 grants totalling £2,945,435.

Reducing poverty

Aim:

We aim to reduce poverty in London by funding projects tackling food poverty or providing debt and housing advice.

Achievements:

16 grants totalling £1,701,300.

English for speakers of other languages

Aim:

We aim to fund projects that will increase the number of Londoners with improved English language skills, leading to better access to mainstream services and greater participation in the wider community.

Achievements:

5 grants totalling £220,530.

Improving Londoners' mental health

Aim:

We aim to support specialist services that target those with mental health issues.

Achievements:

19 grants totalling £1,785,930.

Older Londoners

Aim:

We aim to support older Londoners to live more active and healthier lives and to have more choice and control in their lives.

Achievements:

17 grants totalling £1,244,050.

Resettlement and rehabilitation of offenders

Aim:

We aim to see more ex-offenders successfully and sustainably resettled in the community and re-offending reduced.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Achievements:

7 grants totalling £729,520.

Improving London's environment

Aim:

We aim to fund environmental education projects that help Londoners better understand the value of conserving and improving the green environment and projects that help young people understand the benefits of food growing and its nutritional value.

Achievements:

11 grants totalling £1,039,900.

Making London safer

Aim:

We aim to fund specialist projects supporting survivors of domestic violence and trafficking (including forced marriage and female genital mutilation) and victims of hate crime.

Achievements:

7 grants totalling £621,400.

Strengthening London's voluntary sector

Aim:

We aim to support specialist, high quality support services working with London's voluntary, community and social enterprise organisations in order to increase their capacity and make them stronger.

Achievements:

17 grants totalling £1,726,295.

Other Grants

Stepping Stones

The Trust continued to deliver its Stepping Stones Fund, a unique social investment readiness facility for charitable organisations and social enterprises in Greater London, earmarking £700,000 from its grants budget for this purpose. It is being delivered in partnership with UBS who agreed to commit up to £300,000 of its funds for this programme, making a total sum of £1m available during 2015/16.

It is designed to help organisations that are interested in social investment but may need some additional support before taking on any form of repayable finance. The fund has three strands:

- Capacity building for voluntary organisation and intermediaries;
- Pilot finance for better outcomes; and
- Risk finance.

32 awards with a total value of £1,485,100 were made by City Bridge Trust and UBS.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Eco Audits

In addition to its grants programmes, the Trust also provides organisations with a free eco audit and related training and consultancy. Most audits amount to about five days' work and include:

- visiting organisations' offices, and discussions with chief executive, staff and trustees
- reviewing organisations' energy use, waste, travel patterns and purchasing practice
- a review of policies and how decisions are made
- a report and action plan
- a follow-up visit after a year
- a report on the changes and savings achieved.

During 2015/16, 16 eco audits were undertaken, with a total value of £41,050.

Partnership Programmes

- Prisoners Abroad were awarded a further £330,000, a similar award having been made in the previous year, to continue the administration of a hardship fund for destitute British citizens returning to London after imprisonment overseas.
- The Arts Apprenticeships programme, in partnership with the Arts Council, continued during the year, coming to an end in March 2016. 17 grants totalling £38,000 were awarded during 2015/16.

Other partnerships

Prince's Trust

The second year of a grant of £1 million (being part of a pledge of £10m over 10 years) to The Prince's Trust, to support work with hard to reach young Londoners was committed. Almost one-in-four young people in London (23%) are struggling to find a job. The grant builds on other work that City Bridge Trust has supported to improve the employability of young people. One such is its £3.2m 'Get Young People Working – the Youth Offer' initiative which came to an end during the year, as well as its support of £400,000 to Trust for London's 'Moving on Up' initiative which is tackling disproportionate rates of unemployment amongst young black men.

The Prince's Trust grant is focusing on those young people facing the biggest barriers to reaching their potential by developing the skills and confidence they need to re-engage with education and employment. It is helping to fund a range of The Prince's Trust's projects, including the Fairbridge programme, an individually tailored personal development programme for vulnerable young people. The Prince's Trust supports 5,000 young Londoners annually and three-in-four young people on its programmes move into work, education or training.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Telling Your Stories

City Bridge Trust continued its partnership with the Media Trust during the year who worked with a cohort of 8 of its grantees, producing short films which 'told their stories'. These were screened at the Barbican as part of the Trust's 20th anniversary activities, as well as being broadcast on the Community Channel.

In addition, the Media Trust produced six before/during/after case studies of grant recipients on the Stepping Stones programme.

Strategic Initiatives

The City Bridge Trust Committee has historically set aside a percentage (20% during 2015/16) of the overall grants budget to support strategic initiatives that complement and inform the on-going grants programmes. Strategic initiatives during the year included:

Human Trafficking Foundation

Since its inception in 2010, the Human Trafficking Foundation (HTF) has worked hard to raise awareness around human trafficking and in moving the issue up the national agenda, culminating in the Modern Slavery Bill which became an Act of Parliament with effect from the 31st July 2015.

A previous grant from the Trust, funded research which considered what happens to those who have been trafficked when they leave safe houses. It uncovered that the current system allows survivors to effectively 'disappear', with no-one responsible for their safety or welfare. The report, 'Life Beyond the Safe House – for survivors of Modern Slavery in London' made recommendations for improving provision for those who have been trafficked which was launched in 2015 at the House of Lords.

A grant of £225,000 over three years towards the charity's core costs is helping to underpin the next phase of its work. With the legislation and research recommendations in place, the next phase of work is crucial. During the next three years, it will focus on:

- Ensuring the provisions of the Modern Slavery Act are effectively implemented.
- Undertaking a mapping exercise to identify regions or cities within EU Member States and neighbouring countries where there are victim concentrations.
- Continuing to support collaboration and collective voice against Modern Slavery through a forum of c.90 organisations working in this area.
- Promoting the implementation of the recommendations of 'Life Beyond the Safe House'

London Youth

A grant of £279,000 was awarded to London Youth, the main umbrella body for the capital's voluntary managed youth organisations. It is for a leadership development and community engagement project targeting, initially, 300 disadvantaged young Londoners drawn from 400 youth clubs across all London Boroughs. The young people are being trained and supported to increase their skills, confidence, and networks through community projects. The programme will culminate in 24 participants being selected to take part in an intensive, bespoke, leadership development programme. The project will draw on the skills and networks across sectors: the

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

private sector through City business, the community voluntary sector through City Bridge Trust, and the statutory sector through the City of London Corporation.

Hampstead Heath Charitable Trust

A grant of £400,000 was awarded to Hampstead Heath Charitable Trust towards an environmental learning programme designed to improve London's engagement and sense of well-being with respect to green spaces. The grant will also enable a sector-specific evaluation toolkit to enable environmental education projects to use a standard approach to measuring outcomes and impact, in partnership with London Parks and Green Spaces Forum.

Legal Education Foundation

A grant of £320,000 over three years was awarded to co-fund, with the Legal Education Foundation, the provision of six Justice First Fellowships across London.

The scheme aims to support the next generation of students committed to public interest and social justice issues who want to pursue a career in social welfare law. The Fellowship consists of three parts:

- a two-year training contract in a leading social welfare organisation
- undertaking a project that advances access to justice
- regular support, training and networking opportunities.

Barnardo's

During the year, the Trust joined the Child Sexual Exploitation Funders Alliance (CSEFA) which was formed in 2012, following the publication of the Children's Commissioner for England's findings on the nature and extent of Child Sexual Exploitation (CSE).

CSEFA is promoting a new strategy to make CSE a core child safeguarding issue throughout England by supporting a model of direct, specialist service delivery called 'hub and spoke'. The hub is a specialist voluntary service with expertise in CSE. The model aims strategically to extend the hub's capacity and reach by employing, training and supporting workers within regional locations ('spokes').

In London, Barnardo's and NSPCC are providing two hubs, each with three spokes. Both organisations are active in providing CSE services in a significant number of boroughs across London and therefore well-placed to provide the 'hub'. The Trust approved a grant of £208,000 over three years towards one 'spoke' post within Barnardo's, with the remaining 'spokes' in both Barnardo's and NSPCC funded by Big Lottery, Comic Relief and Trust for London.

Barbican Centre Trust

A grant of £400,000 over three years was awarded to the Barbican Centre Trust towards its creative learning programme in East London. The initiative has three main strands:

- Community engagement, reaching over 6,500 direct beneficiaries;
- Schools' partnerships, reaching 21,500 beneficiaries;
- Progression opportunities for young artists, reaching 2,600 beneficiaries.

The funding is helping the Barbican to meet its objectives of:

- redressing inequality of access to the arts;

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

- developing personal and employability skills amongst disadvantaged people;
- nurturing talent in young people.

Re-Imagine CIC

During 2014/15, the Trust commissioned research into the current position regarding access to the capital's major arts and cultural institutions for adults with learning disabilities. The ensuing report, *Re-Imagine – Improving access to the arts, galleries and museums for people with learning disabilities*, found that whilst there were pockets of good practice, there were significant gaps in the “offer” of these institutions.

Following a period of consultation with the major arts institutions, museums and galleries, a grant of £190,000 was approved to enable Re-Imagine CIC to implement a three-year action plan between these bodies and adults with learning disabilities, their families and carers.

Housing Justice

A grant of £25,000 was awarded to Housing Justice towards the development of London Hosting, in partnership with Praxis, Spare Room, Jesuit Refugee Service and others.

There are large numbers of people living in London with no residency status and no recourse to public funds (estimated to be 380,000 by the Greater London Assembly). At the same time, there are growing numbers of volunteers willing to host destitute migrants in their own homes. The grant is enabling a Project Co-ordinator to match guests and hosts and manage the placements thereafter.

International Centre for Social Franchising

International Centre for Social Franchising received a grant of £36,000, towards its ‘Scale Accelerator’ project, helping organisations to scale up successful interventions. This project is providing an opportunity to encourage organisations to make the most of existing resources and expertise. Whilst scaling is not appropriate for all organisations and interventions, this project is providing a rigorous process of initial scrutiny and assessment so that those selected for the project stand a good chance of achieving successful replication.

Philanthropy and Giving

London's Giving

We continued our partnership with London Funders over the London's Giving Initiative, for which a grant of £100,000 over two years was approved in 2014/15. Inspired by Islington Giving, London's Giving is sharing the evidence base, lessons learnt and know-how from local giving campaigns to help London boroughs create their own locally tailored solutions. The consultants engaged to develop London's Giving have continued to provide support in boroughs with emerging schemes. In addition, the first three of a series of Masterclasses took place in 2015/16, covering the topics:

- “Evidencing the Need” which highlighted the different approaches of using data to evidence local need, and using that evidence to develop grant-making strategies.
- “Fund-Raising Approaches for Place-Based Giving” looked at the role of communications in developing a fund-raising campaign as well as crowdfunding as a practical example of a fund-raising tool.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

- “Engaging with Business” showcased some practical examples of how business and charities can work together.

East End Community Foundation received a grant of £172,500 over three years to develop local giving schemes in the London Boroughs of Hackney, Newham and Tower Hamlets, whilst Sutton Centre for Voluntary Service received £20,000 towards the development of Sutton Giving, both grants being awarded under the London’s Giving banner.

City Philanthropy – a Wealth of Opportunity

The City Corporation and City Bridge Trust’s shared philanthropy strategy is being delivered through the City Philanthropy – a Wealth of Opportunity initiative funded by the Trust. It is an umbrella for a number of strands of activity all of which are promoting philanthropy amongst young City professionals. Hosted by the Association of Charitable Foundations, funding of £204,000 was approved to continue delivery of the strategy during 2015/16. Activities included:

- The City Philanthropy website providing independent advice, resources and e-bulletins to those wanting to find out more about philanthropy in the City.
- The City Funding Network, a giving circle that targets young City professionals, is run by The Funding Network (which received a grant of £30,000 towards its core costs during the year). During 2015/16, it held two ‘Dragon’s Den’ style events where three charities each made a pitch. Each event raised over £18,000 for the charities concerned.
- Beyond Me which champions philanthropy syndicates (or ‘teams’) in major City firms. Since its inception three years ago, it has created 90 teams across 14 major businesses, raising £500,000 and 4,500 hours of volunteer business skills to charitable causes about which they are passionate.
- The Beacon Awards for City Philanthropy 2015 were announced in April 2015 at the 9th Beacon Awards for Philanthropy ceremony.
- City Philanthropy was a founding partner of Giving Tuesday, a global campaign which took place on 1st December 2015.
- donorWISE, a half-day course introducing City Millennials (those in their early 20s and 30s) to philanthropy and effective giving, continued to run at Cass Business School.
- Cass Business School was commissioned to undertake research aimed at increasing the Trust’s understanding of the extent of philanthropic engagement of young City professionals. The ensuing report, *More to Give: London Millennials Networking for a Better World* was launched in November 2015.

Research into Giving and Place-Based Funding

By dint of its commitment to encouraging a growth in effective local giving schemes, the Trust awarded two related grants during the year. IVAR (Institute for Voluntary Action Research) received £5,000 as part of a multi-funder package to undertake practical research into different models of place-based funding. The results will be published and disseminated in 2016/17. Centre for London was awarded £19,000 to draw up a detailed project plan in order to inform a strategic review of giving in the capital.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Learning Events

The Trust is committed to using the learning it derives from the work funded to inform and improve its own work and to influence others. During the year, the Trust was involved in a number of events which provided opportunities to share learning with the voluntary sector, other funders and key commentators and policy makers. Highlights included:

Inclusion in Youth Work

In partnership with BBC Children in Need, John Lyon's Charity and London Youth, the Trust organised an event on the subject of inclusion of young disabled people in youth clubs and activities. Attended by some 200 delegates, the event opened with a Q&A session with Ade Adepitan, the television presenter and wheelchair basketball player. 86% of those who attended said the event had improved their understanding of inclusion in their work.

Growing Localities Awards

The Trust worked in partnership for a third year with Lemos&Crane to showcase the value of bringing people together to work on growing and greening projects – not only for the environment but also for people's health and well-being. The 2015 winner was Ambitious about Autism which works with secondary school and further education age teenagers who have severe and complex autism.

Lord Mayor's Show

As part of its 20th anniversary celebrations, the Trust took part in the Lord Mayor's Show with Green Candle Dance Company, Greenwich and Lewisham Young People's Theatre, Castlehaven Community Centre and Drake Music.

Working with a theme of inclusion and celebration, the culturally diverse group of participants spanned an age range of 16 to 86 years. Green Candle Dance Company choreographed dances for its Senior Dancers, Castlehaven Line Dancers and the performance group from the young people's theatre for people with learning disabilities. Music was provided by Drake Music which uses assistive music technology to enable disabled people to compose and perform.

Get Young People Working – the Youth Offer

In December 2015, the Trust held a closing event for the London boroughs and their voluntary sector partners funded on this programme, in order to share the findings of its external evaluation. Some of the findings included:

- 1,119 young people had taken part since June 2013, of which 357 had completed the programme.
- Of those who had completed the programme, 38% have entered full-time education or training; and 35% have entered full-time employment.
- The programme's flexibility is perceived to be a particular strength of the Youth Offer.

Monitoring and Evaluating Grants

Each organisation is asked to report annually on the impact of its work and to provide annual accounts. An online monitoring form is used which enables the Trust to collect information in

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

a uniform and systematic way. In addition, organisations are required to provide analysed statistics of service delivery and user feedback.

The Trust undertakes an annual programme of monitoring visits to funded organisations.

There are three types of visit:

- Project visits which are designed to enable the Trust to learn what has been achieved, what has worked less well and any relevant changes in the operating environment. (20 such visits were undertaken in 2015/16).
- Compliance visits to verify that the grant has been accounted for correctly and that appropriate HR management and governance systems are in place (6 such visits were undertaken in 2015/16)
- Unannounced visits to spot check that the work is taking place as agreed with funded organisation (10 such visits were undertaken in 2015/16).

Evaluating Impact

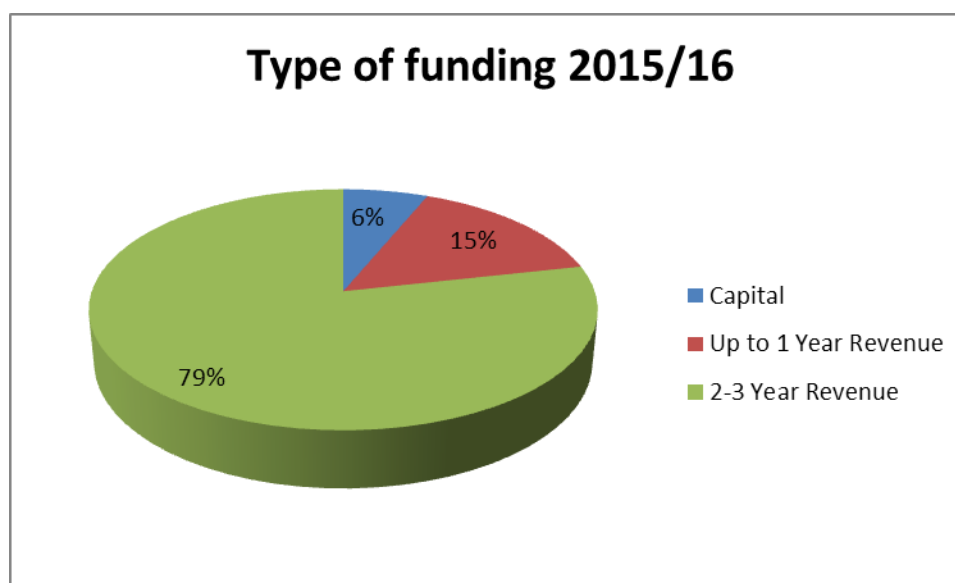
The Trust is committed to evaluating carefully each of the grants we make. We use the information from organisations' monitoring reports to reflect on the overall effectiveness of our grant-making. During the year, the Trust dealt with 413 reports from organisations in receipt of grants across all our programmes.

The forms are ranked according to how well the organisation has met its objectives and the quality of the supporting information. An overall assessment of the quality of the work and the report is then made on a continuum of 'poor', 'satisfactory', 'good' and 'very good'. This is a complex process balancing and judging the quality of the work and the organisation's capacity to monitor and evaluate. In 2015/16, 64% were ranked as 'good' or 'very good' and 33% were ranked as 'satisfactory'. The remaining 3% were ranked as 'poor', although this often reflects poor reporting rather than poor quality of work.

Type of funding

The majority of grants are for revenue and are awarded over 2 or 3 years. Such commitments are vital in helping organisations plan ahead and develop services.

BRIDGE HOUSE ESTATES TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS



Social Investment

In 2012-13, the City Corporation's Common Council agreed to ring-fence £20 million from Bridge House Estates for investment in activities generating positive financial returns and social benefit. This sum is referred to as the City of London Corporation Social Investment Fund ('the Fund'). It is administered by City Bridge Trust and governed by a Social Investment Board which reports to the Investment Committee.

The creation of the Fund helps support the City of London's position as a global centre for social investment by working towards the following two objectives:

- to provide loan finance, quasi-equity and equity that provides development and risk capital to organisations working towards charitable ends or with a social purpose; and
- to help develop the social investment market.

The Fund considers both direct investments (providing returnable funds to organisations which pursue charitable, community or social objectives) and indirect investments (into funds managed by others in order to reach a greater number of charities and social enterprises).

By the end of 2015/16 the active social investment portfolio amounted to £8.2m.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

| Organisation / Enterprise | £'m |
|--|------------|
| Investments placed 2015/16 | |
| Affordable Homes Rental Fund | 0.4 |
| HCT Group | 0.5 |
| Golden Lane Housing 2014 Bond | 0.4 |
| Glasgow Together | 0.4 |
| Commonweal Praxis Housing Project | 0.2 |
| Thera Trust | 0.1 |
| Total 2015/16 | 2.0 |
| Investments placed 2014/15 | |
| Columbia Threadneedle UK Social Bond Fund | 1.5 |
| Rathbone Ethical Bond Fund | 1.0 |
| Real Lettings Property Fund | 0.6 |
| Commonweal Praxis Housing Project | 0.2 |
| Affordable Homes Rental Fund | 0.1 |
| Y:Cube Housing | 0.5 |
| The Foundry | 0.3 |
| Total 2014/15 | 4.2 |
| Investments placed 2013/14 | |
| Real Lettings Property Fund | 0.4 |
| Golden Lane Housing 2013 Bond | 0.5 |
| Midlands Together | 0.3 |
| Greenwich Leisure | 0.5 |
| Total 2013/14 | 1.7 |
| Investments placed 2012/13 | |
| Small Enterprise Impact Investing Fund | 0.3 |
| Total 2012/13 | 0.3 |
| Total social investments at 31 March 2016 | 8.2 |

In addition to the social investments of £8.2m placed by 31 March 2016, a further sum of £2.6m had been agreed but subject to conditions.

Of the total ring-fenced fund of £20m, £18m is reserved for investments that provide social benefits in the UK (with a preference to London-focused opportunities) and the remaining £2m for international investments. By the 31st March 2016 the Fund's geographical commitments were as follows:

| Geography | Ring-fence | Agreed to date | Headroom |
|------------------|-------------------|-----------------------|-----------------|
| UK | £18.0m | £10.0m | £8.0m |
| International | £2.0m | £0.8m | £1.2m |

Wembley National Stadium Trust

In April 2015, the Trust began a second three-year contract to run the grant-making and the administration of Wembley National Stadium Trust (WNST), a major new grant-giving body

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

supporting community sports activities in London. Working to the WNST Board, the Trust has developed and implemented the grant-making systems and policies and its grants programmes. During the year, WNST made 56 awards totalling £359,320.

Future plans

Quinquennial Review

Every five years, the Trust undertakes a full review of its grant-making priorities based on changing need in London. The next review is due to start in 2016/17 and we plan to work in collaboration with Trust for London and London Funders, both of which are working with similar timetables, in order to share information and avoid duplication. The review will comprise a look back at the Trust's past years of grant-making, looking at what has worked well, what less well; future-scanning research to look at London's needs over the next 5 – 10 years; consultation through an online questionnaire targeting the voluntary sector in London, as well as other funders and policy commentators; and bi-lateral consultations with charity leaders and funders. The new programmes will be launched in 2018.

Philanthropy Review

During 2015/16, the Trust commissioned Rocket Science to undertake a review of the various strands of work funded as part of its Philanthropy and Giving initiative, in order to inform the future strategic direction of this work. The report is due for completion in June 2016, and its findings will be considered and acted upon by the City Bridge Trust Committee during 2016/17.

Strategic Resource and Impact Review

A Strategic Resource and Impact Review took place in 2014/15 and was completed early in 2015/16. Some of its findings were implemented during the year. The outstanding findings will be implemented in 2016/17.

Learning Programme

The Trust will implement a Learning Programme during 2016/17, in order to maximise the impact and raise the profile of the Trust's work and that of grantees by drawing on, disseminating, sharing and learning from:

- the issues facing London
- the programmes funded by the Trust
- the work of others in the policy areas of grant programmes.

Social Investment

City Bridge Trust will aim for a further £2 - 3 million to have been committed by the Social Investment Board for social investment during the year.

Wembley National Stadium Trust

The Trust will continue to implement and develop the grant programmes of Wembley National Stadium Trust and ensure its legal requirements are met within requisite timescales.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Communications

The Trust will continue to implement its communications plan in order to amplify the work of our grantees, the Trust and the City of London Corporation as its Trustee. The Trust will complete Phase 1 of the development of its new website early in July 2016 and then commission Phase 2, in order to increase its use as a vehicle for sharing learning and good practice.

Tourism at Tower Bridge

Tourism at Tower Bridge, as well as generating income for the Charity allows internal access to this magnificent iconic structure so visitors from all over the world can enjoy and learn more about the history of the Bridge and the role it played in the City of London's development. Its main aim is to achieve:

'an excellent operational service and successful tourism business at Tower Bridge through continually improving operations and customer services and by investing in staff'.

Delivering excellent customer care is an essential part of achieving Tower Bridge's main aim. Without customers there would be no tourism or operational business at Tower Bridge. The groups of customers are made up of visitors to the Exhibition, guests to corporate and private events and the use of the Bridge for its original intended function (i.e. river traffic, motorists and pedestrians).

For 2016/17 work will continue to improve the quality of experience on offer at Tower Bridge to the customer to support the assertion of **'A Vibrant and Culturally Rich City'** as promoted by the City Corporation.

Resources will also be dedicated in 2016/17 to developing further the Educational offering at Tower Bridge and increasing work with charitable and community-facing organisations in the neighbouring boroughs.

Aims and achievements:

In 2015/16 the following tourism objectives were achieved:

- Record figures in terms of visitors, events and income for the Tower Bridge Exhibition, this being a result of the continued popularity of the glass floor feature. Over a year after launch, the excitement this feature continues to have in attracting visitors has exceeded all expectations. The marketing team has been busy experimenting with new ways to promote the feature with the aim of keeping it fresh in the eyes of the public, and the ways in which Exhibition staff interact with the public on the glass floor has helped to further instil excitement, leading visitors to pass the news of 'something special to see' on to friends and family long after their experience onsite has ended. The glass floor continues to achieve the most positive visitor feedback for any feature at the Bridge in the exhibition's history.
- Improved on the result of the annual assessment by Visit England of the Visitor Attraction Quality Assurance Scheme (VAQAS) rating of *Excellent* for this year at 88%, an increase on last year's 86%.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

- Tower Bridge as both a tourist attraction and events venue was recognised by industry bodies in 2015/16, winning the Visit England Welcome Accolade for outstanding customer service and COOLest Water Venue at the 2016 Prestige Events awards. In addition, the Bridge Exhibition also received a TripAdvisor certificate of excellence.
- Built on the success of the single contract for event management at Tower Bridge, with a record number of paid events in a single financial year and the milestone of over £1M in events income surpassed. Seasoned Events now manage all event spaces at the Bridge and also facilitate Weddings and Civil Ceremonies in both the North Tower Lounge and the newly-licenced high level Walkways. This arrangement involves the contractor providing event crew and professional event security services at no cost to the City, with a high-quality public/private hybrid offering for clients.
- The last weekend in September saw a new milestone in the Bridge's history: the use of one of its two bascule chambers as a concert space for public audiences. Significant challenges were presented by this undertaking as the chambers sit below each of the Bridge's towers and still to this day allow for the movement of the bascules and 600 ton counterweights for bridge lifts on a daily basis. Forming the headline events for the 2015 Thames Festival, the twelve public-ticketed performances received positive feedback from ticket holders and excellent levels of publicity achieved in mainstream, national and specialist media. This sets a precedent for future events and in achieving this project an exciting new cultural venue for the City has been established.
- Continued partner arrangements with Southwark Community Arts Forum and facilitating the display of the 7th exhibition in the themed *Art at the Bridge* series.
- Further developed working partnerships and activities with other charitable and community-facing organisations in the neighbouring boroughs, including The Challenge Network, the Family Holidays Association, the Guy Fox History Project and the Southwark Young Pilgrims and new activities with Mosaic, and Wilton's Music Hall. The development of the Bridge's working relationship with the City Bridge Trust has been a focus for 15/16, with activities, exhibition content, ticket allocations and a CBT birthday event in the Walkways all testament to this.

Targets for 2015/16

| | Target 2015/16 | Actual 2015/16 |
|---|---------------------------|---------------------------|
| Achieve tourism income budgets: | | |
| - Ticket Income | 100% | 112% |
| - Retail (shop, vending etc) | 100% | 111% |
| - Venue Hire | 100% | 137% |
| To receive Tower Bridge visitor feedback through analysing questionnaires from 5% of visitors per month | 5% | 6% |
| Achievement of customer care standards | 90% | 96% |
| Increase the number of visitors completing the full tour to the Engine Rooms | 82% | 80% |

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Overall Performance:

Performance of Tower Bridge Tourism has set a new record again this year with 803,398 visitors accessing the Exhibition as a result of the new glass floor feature (2014/15: 683,097).

290 corporate and private venue hires have been facilitated, and retail sales have increased to £991,000 (2014/15:£829,000).

Plans for 2016/17

To continue our improvement momentum, a number of key objectives have been identified for the coming year:

- To procure and implement a comprehensive EPOS, bookings management, online ticketing and retail system to suit the current and future business needs of Tower Bridge, the Monument, Guildhall Art Gallery, Keats House, the City Information Centre and Guildhall Library.
- To successfully manage the final stage of the Bridge Master's Development in relation to the Engine Rooms gift shop/reception refurbishment.
- To positively develop the Bridge's cultural profile in embedding an artist in residence programme and making further appropriate use of the bascule chamber as a cultural venue.
- To explore the potential for a fully accessible learning space onsite at Tower Bridge.
- To mitigate the effects of the substantial upcoming resurfacing works programme on the tourism business at Tower Bridge.

5. Financial Review

Summary of financial performance

As set out in the table below, the Statement of Financial Activities records a net increase in funds for the year of £41.9m (2014/15: net increase of £117.7m restated). This increase is after benefitting from a gain in fair value of property investments of £55.9m partly offset by a loss in fair value of non-property investments of £1.9m. Without these items the underlying position would have been net expenditure of £13.0m (2014/15: net expenditure £14.1m restated).

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Income and Expenditure for the year ended 31 March 2016:

| | 2016 | 2016 | 2016 | 2015 | 2015 | 2015 |
|---|---------------|---------------|---------------|-------------|---------------|-----------------|
| | Income | Expend | Net | Income | Expend | Net |
| | | -iture | income | | -iture | income |
| | £'m | £'m | £'m | £'m | £'m | Restated £'m |
| Net income available: | | | | | | |
| Tourism at Tower Bridge | 5.9 | 4.7 | 1.2 | 4.9 | 3.7 | 1.2 |
| Investment properties | 25.0 | 7.7 | 17.3 | 22.4 | 8.4 | 14.0 |
| Managed investments and interest | 0.3 | 4.9 | (4.6) | 0.2 | 3.5 | (3.3) |
| Third party contributions | 0.2 | - | 0.2 | 0.1 | - | 0.1 |
| Total net income available | 31.4 | 17.3 | 14.1 | 27.6 | 15.6 | 12.0 |
| Charitable and other expenditure: | | | | | | |
| Repair and maintenance of bridges | | | (6.8) | | | (4.9) |
| Grants to voluntary organisations | | | (18.3) | | | (19.9) |
| Grants administration | | | (1.4) | | | (1.2) |
| Net pension scheme costs | | | (0.6) | | | (0.1) |
| Total charitable and other expenditure | | | (27.1) | | | (26.1) |
| Net income/(expenditure) before gain/(loss) in fair value of investments * | | | (13.0) | | | (14.1) |
| Gain/(loss) in fair value of: | | | | | | |
| - property investments | | | 55.9 | | | 68.5 |
| - non-property investments | | | (1.9) | | | 65.1 |
| Net income for the year * | | | 41.0 | | | 119.5 |
| Other recognised gains/(losses): | | | | | | |
| Actuarial gains/(losses) on pension scheme | | | 0.9 | | | (1.8) |
| Net increase in funds | | | 41.9 | | | 117.7 |

* volatility in net income for the financial year – FRS102 requires the gain or loss in fair value of property and non-property investments to be included in net income/(expenditure) shown in the Statement of Financial Activities (page 40). This means that even relatively small movements in the markets from one year to the next produce large volatility in net income or expenditure. However, the table above shows net income or expenditure before the gain or loss in fair value of property and non-property investments, which reduces the movement (volatility) between the years from £78.5m (net income of £41.0m in 2015/16 compared to net income of £119.5m in 2014/15 restated) to £1.1m (net expenditure of £13.0m in 2015/16 compared to net expenditure of £14.1m in 2014/15) and is more reflective of the underlying position on operations.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

- The unfavourable movement in net income for the year of £78.5m, from net income of £119.5m in 2014/15 (restated) to net income of £41.0m in 2015/16, is largely due to:
- the gain in fair value of non-property investments reducing by £67.0m, from a gain of £65.1m in 2014/15 moving to a loss of £1.9m in 2015/16;
- the gain in fair value of property investments reducing by £12.6m, from a gain of £68.5m in 2014/15 to a gain of £55.9m in 2015/16;
- an increase in the cost of repairs and maintenance of the bridges of £1.9m, from £4.9m in 2014/15 to £6.8m in 2015/16, which is primarily due to funding a new staircase between London Bridge and the riverside walkway;
- an increase in investment management fees of £1.4m, largely due to new infrastructure and private equity investments;

Partly offset by:

- an increase in net rental income from property investments of £3.3m, from £14.0m in 2014/15 to £17.3m in 2015/16, which is attributed to continuing favourable market conditions; and
- a reduction in grants expenditure of £1.6m, from £19.9m in 2014/15 to £18.3m in 2015/16 planned due to grants programmes being extended into 2016/17.

Reserves policy

The Trust's reserves and investment policies are to provide long term stability and liquidity, sufficient for the financing of the Trust's primary objective of maintaining the river bridges, whilst preserving both the 'real' value of the asset base and the purchasing power of the sums available for annual expenditure. Any income surplus to meeting the requirements of the primary objective is used to provide assistance in the form of grants to charitable organisations across Greater London. Grants awarded amounted to £18.3m in the year to 31 March 2016 (2014/15: £19.9m). The level of funds available for grant awards is monitored and adjusted to ensure compliance with the policy to preserve the 'real' value of the asset base. The Trust's funds comprise:

- Unrestricted general funds

These funds amount to £530.2m at 31 March 2016 (2014/15: £520.1m). This sum comprises the non-designated unrestricted funds of the Trust which are invested to provide income towards the Trusts charitable objectives.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

- Unrestricted designated funds

Designated funds are unrestricted funds of the Trust which the Trustee has decided to set aside for specific purposes over the short to medium term. Listed below are the designated funds of the charity which amount to £662.9m (2014/15: £631.4m):

- Designated Sales Pool – this Fund exists to finance capital expenditure on additions to the Bridge House Estates investment property portfolio. It is built up from capital receipts from disposals of interests in the Estate. The investment property strategy is to maximise returns through strategic acquisitions/enhancements and disposals. The Fund comprises the balance of un-invested disposal proceeds pending their re-investment. The total of this reserve at 31 March 2016 was £7.7m (2014/15: £30.2m).
 - Property Revaluation – this reserve represents either the market value of investment properties, or the difference between cost and market value, where the cost is known. The total of this reserve at 31 March 2016 was £497.9m (2014/15: £446.4m).
 - Finsbury House - reserves are designated in respect of financing future major works at Finsbury House and at 31 March 2016 this reserve totalled £0.2m (2014/15: £0.2m).
 - Property Dilapidations – funds have been retained from dilapidation income to fund necessary repair works in respect of thirteen properties. At 31 March 2016 this reserve totalled £1.5m (2014/15: thirteen properties totalling £1.2m).
 - Bridges Repairs, Maintenance and Major Works Fund – this reserve was established to provide sufficient resources to meet the enhanced maintenance costs of the five bridges over 50 years. The total of this reserve at 31 March 2016 was £142.8m (2014/15: £138.6m).
 - Tower Bridge Tourism – a Fund was established from the net proceeds generated by the tourism operation at Tower Bridge, to cover any future shortfall in income that may arise due to the volatile nature of the tourism market. The total of this reserve at 31 March 2016 was £1.0m (2014/15: £1.0m).
 - Social Investment Fund – funds have been set aside for the purpose of making financial investments, generating a financial return consistent with the investment criteria set by the Trustee, in the social investment market with the associated social impacts. The balance on this reserve forms part of the City of London Corporation's cash balances that are invested in the money market or otherwise committed through the treasury function. The Trustee's deployment target for this Fund is currently £3m per annum. At 31 March 2016 the available balance in the Fund was £11.8m (2014/15: £13.8m).
- Pension Reserve – this represents Bridge House Estates 2% share of the City of London Pension Scheme Deficit, which is based on employer's contributions to the scheme. At 31 March 2016 the deficit amounted to £9.6m (£9.9m at 31 March 2015).

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Non-Property Investments Policy

The non-property investment portfolio was divided between the following fund managers at 31 March 2016:

| <u>Equity</u> | <u>Private Equity</u> |
|---|--|
| Artemis Investment Management Ltd | Ares Management LLC |
| Carnegie Financial Services SA | Coller International Partners VII LP |
| GMO (U.K) Ltd | Crestview Partners LLC |
| Natixis International Funds (Harris Associates) | Environmental Technologies Fund Manager LLP |
| Southeastern Asset Management Inc | Exponent Private Equity LLP |
| Veritas Asset Management LLP | Frontier Capital |
| Wellington Management International | NCM Management (UK) Ltd |
| | New Mountain Capital LLC |
| | Standard Life Investments Private Equity Ltd |
| <u>Multi Asset</u> | |
| Pyrford International Plc | Warburg Pincus LLC |
| Ruffer LLP | YFM Equity Partners Ltd |
| Standard Life Investments Ltd | |
| | |
| <u>Absolute Return Bonds</u> | <u>Infrastructure</u> |
| M&G Investment Management Ltd | IFM Global Infrastructure (UK) LP |
| Wellington Management Co LLP | DIF Infrastructure IV Cooperatief UA |

In June 2015, holdings in the pooled vehicle managed by Southeastern Asset Management Inc. were divested and the funds were initially split between the fund managers of other global equity pooled vehicles. In October 2015 Natixis International Funds (Harris Associates) were appointed as a replacement global fund manager and funds were transferred to them in December 2015.

In October 2015 it was decided to remove the funds held by GMO(UK) Ltd and redistributed them between two UK fund managers – Lindsell Train and Majedie, This transaction was completed in June 2016.

Managed investments and investment properties are re-valued during the year. The difference between the current carrying value and the prior year carrying value is recognised in the Statement of Financial Activities on page 40.

The non-property investment policy is to seek an absolute return over the long term in order to provide for real increases in annual expenditure, whilst preserving the funds capital base in real terms.

The performance of the Fund is measured against its peer group using the WM Charity Universe. For the financial year 2015/16 the Fund achieved a performance of minus 1.5% (2014/15: plus 12.1%) compared to the weighted average return achieved in the WM Charity Universe of plus 2.5% (2014/15: plus 12.3%). In addition the Financial Investment Board has set an absolute return of RPI plus 4% for the non-property investments. The Fund has under-

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

performed the absolute return, which for the year was plus 5.6% by minus 6.7%. (2014/15: out-performed the absolute return, which for the year was plus 4.9% by plus 7.2%).

Investments are made by the fund managers in accordance with the above policy and the City expects them to pay due regard to Social, Environmental and Ethical considerations which should further the long-term financial interest of the shareholders. Full details of the Investment Policy are set out in the City of London Corporation's Statement of Investment Principles which is available from the Chamberlain of London.

Property Investment Policy

The property assets of Bridge House Estates, which are valued at £610.9m as at 31 March 2016 (2014/15: £532.6m), are managed by the City Surveyor's Department within the context of a Member approved Estates' Strategy. This strategy is reviewed in depth by Members on a 3-yearly basis. Members also receive an annual report assessing progress. In addition each year Members review the Department's Business Plan and Objectives, which further address key areas in the Estates' management.

The fund's overall objectives were reviewed in January 2016, and are:

- 1) To at least achieve, and ideally outperform its Benchmark for Total Return on an annualised five year basis;
- 2) To maintain and maximise rental income from the Estate and to endeavour to secure rental income growth at least in line with inflation so far as market circumstances permit; such rental incomes significantly supports the Trust's activities.

A number of detailed policies underpin this overall objective and key targets include:

- diversification from the EC2 cluster, and from City Holdings;
- reduce the proportion of secure ground lease investments;
- increase the proportion of retail use; and
- the maintenance and enhancement of the fabric of the existing directly managed portfolio.

The key performance measures are comparisons with the MSCI (formerly IPD) benchmarks. The MSCI UK March 2016 Annual Universe assesses the performance of 236 property portfolios valued at £193bn; the overall total return for 2015/16 for the MSCI Universe was +11.4%. The Estates' performance was +14.9%, and therefore the Estate has exceeded the MSCI UK Annual Universe Index this year.

Assessed against the MSCI London Properties including owner occupied benchmark over an annualised five year basis the total return for the Estate was +15.5%, out-performing the benchmark +14.8%. Over the last ten years the annualised total return for the Estate has been +9.5% p.a., out-performing the +8.8% total return for its benchmark.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

6. Explanation of the Financial Statements

Bridge House Estates financial statements for the year ended 31 March 2016 have been prepared in accordance with the Charities SORP (FRS102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) as issued by the Financial Reporting Council effective from 1 January 2015.

Prior to the adoption of FRS102 Bridge House Estates financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), referred to below as 'previous UK GAAP'. Bridge House Estates last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015.

Note 20 to the financial statements on page 75 describes the differences between the funds and surplus presented under the previous UK GAAP and the newly presented amounts under FRS102 for the reporting period ended at 31 March 2015 (i.e. comparative information), as well as the funds presented in the opening statement of financial position (i.e. at 1 April 2014). It also describes the changes in accounting policies made on first-time adoption of FRS102.

The Bridge House Estates financial statements consist of the following:

- **Statement of Financial Activities** showing all resources available and all expenditure incurred and reconciling all changes in the funds of the Trust;
- **Balance Sheet** setting out the assets, liabilities and funds of the Trust;
- **Statement of Cash Flows** showing the movement in cash for the year; and
- **Notes to the Financial Statements** explaining the accounting policies adopted and explanations of information contained in the Financial Statements.

7. Responsibilities of the Trustee

The Trustee is responsible for preparing the Trustee's Report and the financial statements in accordance with the Charities Act 2011 and the Charities SORP (FRS102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) as issued by the Financial Reporting Council effective from 1 January 2015.

The law applicable to charities in England and Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping proper accounting records that discloses with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the trust deed. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

8. Adoption of the Annual Report and Financial Statements

Adopted and signed for on behalf of the Trustee.

Jeremy Paul Mayhew MA MBA
Chairman of Finance Committee

Roger A.H. Chadwick
Deputy Chairman of Finance
Committee

Guildhall, London
15 November 2016

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF BRIDGE HOUSE ESTATES

We have audited the financial statements of Bridge House Estates for the year ended 31 March 2016 which are set out on pages 40-78. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustee, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustee and auditor

As explained more fully in the Trustee's Responsibilities Statement set out on pages 35 and 36, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 144 the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2016 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Moore Stephens LLP

Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

Moore Stephens LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

**Report of the Audit Review Panel to the Right Honourable the Lord Mayor,
Aldermen and Livery of the several Companies of the City of London in
Common Hall assembled**

We, whose names are hereunto subscribed, the Audit Review Panel of the Chamberlain's and Bridgemasters' Accounts, elected by the Livery of London in Common Hall assembled on, 24 June 2014, 25 June 2015 and 24 June 2016 pursuant to Act 11, George 1, Cap. 18, an Act for regulating elections within the City of London, etc., do report as follows-

We have reviewed the processes adopted by Moore Stephens LLP for the audit of the Bridge House Estates Trust for the period from 1 April 2015 to 31 March 2016.

In our view the audit of the Financial Statements has been conducted in accordance with auditing procedures as stated on pages 37-38.

This report is made solely to the above named addressees. Our work has been undertaken to enable us to make this report and for no other purpose.

S. Barnsdall

A. Francis

M. McDonagh

P. Watts

The Moore Stephens Engagement Partner, Nicholas Bennett, is also a member of the Audit Review Panel. However, as the role of the Panel is to provide independent confirmation that the processes adopted by Moore Stephens LLP have been conducted in accordance with auditing procedures, it is not appropriate for Nicholas Bennett to sign the report.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Statement of Financial Activities
for the year ended 31 March 2016

| | Notes | 2015/16 | Restated 2014/15 |
|--|-------|----------------|---------------------|
| | | Total | Total |
| | | £'m | £'m |
| Income and endowments from: | | | |
| Charitable activities | | | |
| Tourism fees and charges | | 5.9 | 4.9 |
| Investments | | | |
| Investment property income | | 25.0 | 22.4 |
| Managed investment income | | 0.2 | - |
| Interest receivable | | 0.1 | 0.2 |
| Other | | 0.2 | 0.1 |
| Total Income | 4 | 31.4 | 27.6 |
| Expenditure on: | | | |
| Raising funds | | | |
| Tourism expenses | | 4.7 | 3.7 |
| Investment property expenses | | 7.7 | 8.4 |
| Managed investment expenses | | 4.9 | 3.5 |
| Charitable activities | | | |
| Repair and maintenance of bridges | | 6.8 | 4.9 |
| Grants to voluntary organisations | | 19.7 | 21.1 |
| Other | | | |
| Net pension scheme costs | | 0.6 | 0.1 |
| Total Expenditure | 5 | 44.4 | 41.7 |
| Net gains/(losses) on managed investments | | (1.9) | 65.1 |
| Net gain on property investments | 10 | 55.9 | 68.5 |
| Net income/(expenditure) | | 41.0 | 119.5 |
| Other recognised gains/(losses): | | | |
| Actuarial gains/(losses) on defined benefit pension scheme | 15 | 0.9 | (1.8) |
| Net movement in funds | | 41.9 | 117.7 |
| Reconciliation of funds: | | | |
| Total funds brought forward | 16 | 1,141.6 | 1,023.9 |
| Total funds carried forward | 16 | 1,183.5 | 1,141.6 |

All operations are continuing.

All funds are unrestricted income.

There are no other recognised gains and losses other than those shown above.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Balance Sheet
as at 31 March 2016

| | Notes | 2016 Total £'m | Restated 2015 Total £'m |
|---|-------|---|----------------------------------|
| Fixed assets: | | | |
| Tangible assets | 8 | 3.7 | 3.9 |
| Investment properties | 10 | 610.9 | 532.6 |
| Non-property investments | 10 | 589.7 | 603.1 |
| Programme related investments | 10 | - | 0.1 |
| Social Investment Fund | 10 | 8.2 | 6.2 |
| Total fixed assets | | <u>1,212.5</u> | <u>1,145.9</u> |
| Current assets | | | |
| Stock | | 0.2 | 0.2 |
| Debtors | 12 | 6.6 | 4.7 |
| Non-property investments | 10 | 15.2 | 37.0 |
| Cash at bank and in hand | | 1.6 | 3.9 |
| Total current assets | | <u>23.6</u> | <u>45.8</u> |
| Creditors: Amounts falling due within one year | 13 | <u>(39.4)</u> | <u>(35.7)</u> |
| Net current assets/(liabilities) | | <u>(15.8)</u> | <u>10.1</u> |
| Total assets less current liabilities | | <u>1,196.7</u> | <u>1,156.0</u> |
| Creditors: Amounts falling due after more than one year | 14 | <u>(3.6)</u> | <u>(4.5)</u> |
| Net assets excluding pension scheme liability | | <u>1,193.1</u> | <u>1,151.5</u> |
| Defined benefit pension scheme liability | 15 | <u>(9.6)</u> | <u>(9.9)</u> |
| Total net assets | | <u>1,183.5</u> | <u>1,141.6</u> |
| The Funds of the charity: | | | |
| Unrestricted income funds excluding pension reserve | 16 | 1,193.1 | 1,151.5 |
| Pension reserve | 16 | (9.6) | (9.9) |
| Total funds | | <u>1,183.5</u> | <u>1,141.6</u> |

Approved and signed for and on behalf of the Trustee.

Dr Peter Kane
Chamberlain of London
15 November 2016

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Statement of Cash Flows
for the year ended 31 March 2016

| | Notes | 2015/16 | 2014/15 |
|---|-------|----------------|---------------|
| | | Total | Total |
| | | £'m | £'m |
| Cash flows from operating activities: | | | |
| Net cash used in operating activities | 1 | <u>(13.5)</u> | <u>(10.1)</u> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 0.3 | 5.0 |
| Cash taken from short term deposits | | 21.8 | 5.2 |
| Proceeds from the sale of property, plant and equipment | | - | 6.4 |
| Purchase of property, plant and equipment | | (22.4) | (20.9) |
| Proceeds from sale of non-property investments | | 11.5 | 14.3 |
| Net cash provided by investing activities | | <u>11.2</u> | <u>10.0</u> |
| Cash flows from financing activities: | | | |
| | | <u>-</u> | <u>-</u> |
| Decrease in cash in the year | | <u>(2.3)</u> | <u>(0.1)</u> |
| Change in cash and cash equivalents in the reporting period | | (2.3) | (0.1) |
| Cash and cash equivalents at the beginning of the reporting period | | 3.9 | 4.0 |
| Change in cash and cash equivalents due to exchange rate movements | | <u>-</u> | <u>-</u> |
| Cash and cash equivalents at the end of the year | | <u>1.6</u> | <u>3.9</u> |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

1. Reconciliation of net income/(expenditure) to net cash flow from operating activities

| | 2015/16 | 2014/15 |
|---|----------------|----------------|
| | £'m | £'m |
| Net income for the reporting period (as per the statement of financial activities) | 41.0 | 119.5 |
| Adjustments for: | | |
| Depreciation charges | 0.3 | 0.2 |
| (Gains)/losses on managed investments | 1.9 | (65.1) |
| (Gains)/losses on property investments | (55.9) | (68.5) |
| Dividends, interest and rents from investments | (0.3) | (5.0) |
| (Increase)/Decrease in stock | - | (0.1) |
| (Increase)/Decrease in debtors | (1.9) | 8.4 |
| Increase in social investments | (2.0) | (4.2) |
| Increase/(Decrease) in creditors falling due within one year | 3.7 | 2.8 |
| Increase/(Decrease) in long term creditors | (0.9) | 1.8 |
| Net pension scheme costs | 0.6 | 0.1 |
| Net cash used in operating activities | (13.5) | (10.1) |

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Notes to the Financial Statements

1. Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the Trust's Financial Statements.

(a) Basis of preparation

Bridge House Estates is a public benefit entity and the financial statements for the year ended 31 March 2016 have been prepared in accordance with the Charities SORP (FRS102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) as issued by the Financial Reporting Council effective from 1 January 2015, the Charities Act 2011, the governing instruments and under the historical cost accounting convention modified to include the revaluation of investment property and managed investments.

(b) Going concern

The Trust is considered a going concern for the foreseeable future, due to its level of reserves and the Trustee having due regard to maintaining the capital base with, generally, only the investment income used in furtherance of the objectives of the Trust. A rolling annual in depth survey of the Trust's forecast financial position over a five year period is carried out providing the framework for the medium term financial strategy. This strategy is to ensure that ongoing revenue expenditure is contained within revenue income and that sufficient surpluses are generated to finance capital expenditure on the bridges with surplus funds allocated to charitable grants.

(c) Income and expenditure

The accounts for Bridge House Estates are maintained on an accruals basis. Consequently, activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to Bridge House Estates.
- Revenue from the provision of services is recognised when the percentage of completion of the transaction can be measured reliably and it is probable that economic benefits or service potential associated with the transaction will flow to Bridge House Estates.
- Interest receivable on investments is accounted for as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Grants to voluntary organisations - all grants awarded in the financial year are included in the Statement of Financial Activities for that year on an accruals basis. The value of grants unpaid at the year end is included in creditors. A grant may be subject to conditions, which, if not satisfied by the recipient, may lead to the grant, or part of it, being reclaimed.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to the Statement of Financial Activities for the income that might not be collected.

(d) Fixed assets

Bridges

In recognition of the historical and cultural nature of the Bridges, they are considered to be heritage assets. The Bridges are also considered to be inalienable (i.e. they may not be replaced or disposed of without specific statutory powers). A valuation of the Bridges, and certain strategic properties integral to the operation of Tower Bridge, is not included in these accounts as either a) reliable cost information is not available, or b) significant cost is involved in reconstruction of past accounting records, or in valuation, which is onerous compared to the benefit to the users of these accounts. The insured value of the five Bridges at 31 March 2016 was £800m (31 March 2015: £730m).

Revaluations and Impairment

Where a reduction in value of a fixed asset is caused by a general fall in prices, the loss is recognised in the Statement of Financial Activities in accordance with the Charities Statement of Recommended Practice (SORP). A reduction in value caused by a clear consumption of economic benefits (i.e. if the loss is similar in nature to depreciation) is an impairment loss and is also recognised in the Statement of Financial Activities. Should a reversal of a reduction in value be required, the accounting follows the original treatment applied. Where a fixed asset (other than freehold land) is not depreciated or has a life of more than 50 years, an annual impairment review is carried out.

Investment properties

In accordance with Statement of Standard Accounting Practice No 19 (*Accounting for investment properties*):

- i) The City Surveyor of the City of London Corporation, who is a fellow of the Royal Institution of Chartered Surveyors, values investment properties annually as at 31 March at market values determined in accordance with the RICS Valuation – Professional Standards (“the Red Book”) issued by the Royal Institution of Chartered Surveyors. Valuations are also provided by external valuers with the externally checked values representing some 51% of the Estates’ value as at 31 March 2016. Surpluses and deficits arising are included in the Statement of Financial Activities and the aggregate surplus or deficit is recognised in the Statement of Financial Activities in accordance with the Charities SORP.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

- ii) No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

Managed investments

FTSE 100 Company investments are valued at the Stock Exchange Trading System (SETS) price at 31 March. Other quoted investments are valued at the closing quoted price at the close of business on 31 March. Unquoted investments are included at a valuation advised by the fund managers.

Managed investments are held in accordance with the investment policy set by the City of London Corporation. In June 2015, holdings in the pooled vehicle managed by Southeastern Asset Management Inc. were divested and the funds were initially split between the fund managers of other global equity pooled vehicles. In October 2015 Harris Associates were appointed as a replacement global fund manager and funds were transferred to them in December 2015.

In October 2015 it was decided to remove the funds held by GMO(UK) Ltd and redistributed them between two UK fund managers – Lindsell Train and Majedie, This transaction was completed in June 2016.

Details of the management of liquid resources can be found under the Investment Policy on page 33 of the Trustee's Annual Report.

Revaluation of investments

Gains and losses on revaluation of investment properties held as fixed assets at the year end are included in the appropriate section of the Statement of Financial Activities. Gains and losses on revaluation of managed investments form part of the fair value through profit and loss movement and are not separately recognised.

Gain/(loss) on disposal of fixed assets

The gain/(loss) on property investments and tangible fixed asset disposals, represents the differences between proceeds received on disposals and their book value at the beginning of the year.

Other tangible fixed assets

The acquisition costs of minor capital items such as furniture and office equipment below £50,000 are charged to revenue in the year of purchase. These assets are held and used for the direct delivery of services. In accordance with FRS102 tangible fixed assets are carried at historic cost less depreciation. Depreciation is charged from the year following that of acquisition. Land is not depreciated.

Depreciation

Tangible fixed assets are depreciated on a straight line basis to write off their cost over their estimated useful lives as follows:

| | |
|------------------------------|------------|
| Computer Software | 3 years |
| Computer and other equipment | 5 years |
| Fixtures and fittings | 8-20 years |

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Leaseholder Improvements

10-30 years

(e) Stocks

Stocks are valued at the lower of cost or net realisable value. All stocks are finished goods and held as part of the Tourism operation at Tower Bridge.

(f) Pension costs

Defined benefit schemes

The City of London Corporation operates a funded defined benefit pension scheme for its staff employed on activities relating to its three funds (i.e. City Fund, City's Cash and Bridge House Estates). The scheme is based on final salary and length of service on retirement. Changes to the Scheme came into effect from 1 April 2014 and any benefits accrued from this date will be based on career average revalued salary, with various protections in place for those members in the Scheme before the changes took effect.

The Pension Fund is the responsibility of the City of London as a whole, which is one employer, and not the responsibility of any of its three funds. Bridge House Estates does not have an exclusive relationship with the City of London Pension Fund. Although the proportion of the Pension Fund that relates to City of London employee members engaged on Bridge House Estates activities is not separately identifiable, a share of the total Pension Fund has been allocated to Bridge House Estates based on employer's pension contributions paid into the Fund by Bridge House Estates as a proportion of total employer's contributions paid.

For the defined benefit scheme the amounts charged in resources expended are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and expected return on the assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

The assets of the scheme are held separately from those in the Trust, and are invested by independent fund managers appointed by the Trustees. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis by a qualified actuary using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after net assets on the face of the balance sheet.

Barnett Waddingham, an independent actuary, carried out the latest triennial actuarial assessment of the scheme as at 31 March 2016, on an FRS102 basis using the projected unit method. The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2019 to 31 March 2022.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

(g) Statutory deductions from pay

The City of London Corporation accounts centrally for salary and wage deductions. Consequently, the Bridge House Estates accounts treat all sums due to the HMRC as having been paid.

(h) Rent deposits

Deposits against defaults in rental payments held by the Trust are shown as creditors.

(i) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Balance Sheet date and the gains or losses on translation are written on/off to the revenue account.

(j) Fund accounting

The Trust has the following types of unrestricted funds:

General Fund

This Fund is expendable at the discretion of the Trustee in the furtherance of the objects of the Trust. Specifically it represents the surplus of income over expenditure for the Trust which is carried forward to meet the requirements of future years.

Designated Funds

The Trust may at the Trustee's discretion set aside funds for purposes which would otherwise form part of the General Fund; these Funds are however still classified as unrestricted. Specifically the Trust now sets aside funds for maintaining the bridges, major cyclical works at Finsbury House and providing sufficient income for grant giving. The Bridges Repairs and Maintenance Fund has been established to equalise the cost of repairs and major cyclical works such as repainting over a period of up to 50 years, and a fund has been established in respect of the Tower Bridge Tourism activity to cover any future shortfall in income that may arise due to the volatile nature of the tourism market. The largest designated fund is the Property Revaluation, which represents either the market value of investment property or the difference between cost and market value, where cost is known. Further information is given in note 16 to the Financial Statements.

(k) Operating leases – Bridge House Estates as the lessor

Assets subject to operating leases are included in the Balance Sheet according to the nature of the assets. Rental income from operating leases, excluding charges for services such as insurance and maintenance, are recognised on a straight-line basis until the next rent review, even if the payments are not received on this basis (e.g. due to lease incentives), unless another systematic and rational basis is more representative of the time pattern in which the benefits derived from the leased asset are diminished.

Lease Incentives

Previous UK GAAP required lease incentives, which reduce the rental in the initial stages, to be allocated over the shorter of the lease term and the period ending on the date from which it

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

is expected the prevailing market rental will be payable. FRS102 requires lease incentives to be allocated over the term of the lease. This change means that rental income is now 'smoothed' over a generally longer period, which at the transition date led to an increase in the level of accrued rental income i.e. recognised rental income is higher in the earlier years of a lease with a corresponding reduction in the later years to the full term. As the valuation of investment properties is partly based on future rental income, a corresponding reduction has made to the value investment properties reflecting that a lower level of income will be recognised in later years.

(1) Financial assets and liabilities

General

Financial instruments are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below. A financing transaction is measured at the present value of the future payments disclosed at a market rate of interest for a similar debt instrument.

Investments

Investments in securities are recognised at trade date (the date the Group is committed to purchase or sell a financial instrument).

Classification

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102. All financial instruments held by Bridge House Estates are basic financial instruments.

Subsequent measurement

At the end of each reporting period, debt instruments classified as basic are measured at amortised cost using the effective interest rate method.

Investments in preference and ordinary shares classified as basic financial instruments, and all financial instruments not classified as basic are measured at fair value at the end of the reporting period, with the resulting changes recognised in profit or loss. Where their fair value cannot be reliably measured, they are recognised at cost less impairment.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

2. Tax status of the Trust

No provision for taxation is made in the financial statements as Bridge House Estates is a charity, as defined by Part 1, Schedule 6 of the Finance Act 2010.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

3. Indemnity insurance

The Trust contributes towards indemnity insurance, in respect of all the City of London's activities, to protect the Trust from loss arising from neglect or default of its Trustee, employees or agents. The cost of this insurance to the Trust was £33,161 in 2015/16 (2014/15: £36,844).

4. Income

Income consists of fees and charges from the tourism operation at Tower Bridge, income from property and managed investments and income on cash balances held.

Fees and charges from the tourism operation at Tower Bridge amounted to of £5.9m in 2015/16 (2014/15: £4.9m). Income from fixed asset investments are held to provide an investment return to the charity, as shown in the table below.

Income from fixed asset investments

All investments are held to provide an investment return to the Charity. The income from fixed asset investments is comprised as follows:

| Investment Class | Unrestricted | | 2015/16 £'m | Restated 2014/15 £'m |
|--------------------------------|------------------------|---------------------------|------------------------|-------------------------------------|
| | General £'m | Designated £'m | | |
| Investment property | 24.7 | 0.3 | 25.0 | 22.4 |
| Managed investments | 0.2 | - | 0.2 | - |
| Interest receivable | - | 0.1 | 0.1 | 0.2 |
| Other income | 0.2 | - | 0.2 | 0.1 |
| Total investment income | 25.1 | 0.4 | 25.5 | 22.7 |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

5. Expenditure

Expenditure is analysed as follows:

| | Activities undertaken directly £'m | Support costs £'m | 2015/16 Total £'m | Restated 2014/15 Total £'m |
|---------------------------------|---------------------------------------|----------------------|------------------------------------|-------------------------------|
| Cost of generating funds | | | | |
| Investment property | 5.7 | 2.0 | 7.7 | 8.4 |
| Investment management | 4.2 | 0.7 | 4.9 | 3.5 |
| Tourism | 4.0 | 0.7 | 4.7 | 3.7 |
| | 13.9 | 3.4 | 17.3 | 15.6 |
| Charitable expenditure | | | | |
| Bridges repairs & maintenance | 6.1 | 0.7 | 6.8 | 4.9 |
| Grants | 19.3 | 0.4 | 19.7 | 21.1 |
| | 25.4 | 1.1 | 26.5 | 26.0 |
| Other resources expended | | | | |
| Net pension scheme costs | 0.6 | - | 0.6 | 0.1 |
| Total Resources Expended | 39.9 | 4.5 | 44.4 | 41.7 |

No resources are expended by third parties to undertake charitable work on behalf of the Charity. The grants given in accordance with the grant giving policy are in furtherance of the activity of the recipient charities and are described further below.

Tourism expenses

Staff costs and other expenses relate to the management and operation of the Tower Bridge tourist attraction.

Investment property expenses

Staff costs, repairs and maintenance costs, and professional fees relating to the management of the investment property portfolio.

Investment management expenses

The whole cost of the fees paid to the fund managers is charged to the revenue account.

Bridges repairs and maintenance

This comprises staff costs, repairs and maintenance, insurance, equipment and materials costs.

Grants

This consists of grants approved of £18.3m, which are accounted for on the basis set out in note 1 to the accounts and grants administration of £1.4m which consists of the staff costs and other direct expenses of administering the grants process.

No grants are made to individuals. A summary of grants to institutions over programme areas is as follows:

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

| Programme area | 2015/16 Total grants to institutions £'m | 2014/15 Total grants to institutions £'m |
|--|---|---|
| Investing in Londoners | | |
| Eco-audits & Arts Apprenticeships | 0.1 | 0.1 |
| English for Speakers of Other Languages | 0.2 | 0.4 |
| Improving London's Environment | 1.0 | 0.7 |
| Improving Londoners' Mental Health | 1.8 | 2.8 |
| Making London More Inclusive | 3.0 | 2.7 |
| Making London Safer | 0.6 | 1.1 |
| Older Londoners | 1.2 | 2.2 |
| Reducing Poverty | 1.7 | 2.6 |
| Resettlement and Rehabilitation of Offenders | 0.7 | 0.8 |
| Strengthening London's Voluntary Sector | 1.7 | 2.7 |
| | 12.0 | 16.1 |
| Initiatives to Tackle Unemployment | - | 1.0 |
| Partnership Programmes - Hardship Fund | 0.3 | - |
| 20th Anniversary Grants | 0.8 | - |
| Stepping Stones Fund | 1.5 | - |
| Strategic Initiatives | 3.9 | 3.2 |
| Total grants awarded | 18.5 | 20.3 |
| Write backs (grants no longer useable for the purpose awarded) | (0.2) | (0.4) |
| Total grants chargeable | 18.3 | 19.9 |

Details of all the grants approved are shown on pages 79-103.

Governance

General

Governance costs relate to the general running of the Charity, rather than specific activities within the Charity. They include strategic planning, external audit and costs associated with Trustee meetings. Governance costs are analysed further in the table in note 6.

Auditor's remuneration and fees for external financial services

Remuneration to the external auditor for the audit of the 2015/16 accounts amounted to £36,800 (2014/15: £38,342).

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Trustee's expenses

Trustees do not receive any remuneration from the City of London for undertaking their duties. However, Trustees may claim travelling expenses in respect of activities outside the City and receive allowances in accordance with a scale when attending a conference or activity on behalf of the City of London Corporation. These costs totalling £9,348 (2014/15: £8,396) in respect of 24 Members, across all of the City's activities were met from the endowment funds of the City of London Corporation and not charged to Bridge House Estates.

Net pension scheme costs

Net total pension scheme costs charged to the Statement of Financial Activities are as follows:

| | 2016 | | 2015 | |
|-----------------------------------|-------|--------------|-------|--------------|
| | £'m | £'m | £'m | £'m |
| Deficit at beginning of the year | | (9.9) | | (8.0) |
| Net finance cost | - | | - | |
| Current service cost | (0.7) | | (0.5) | |
| Net interest | (0.3) | | - | |
| Employer contributions | 0.4 | | 0.4 | |
| Net total charge to SOFA | | (0.6) | | (0.1) |
| Actuarial gains/(losses) | | 0.9 | | (1.8) |
| Deficit at end of the year | | (9.6) | | (9.9) |

The net total pension costs charged in the Statement of Financial Activities of £0.6m (2015: £0.1m) represents 2% of the total charge in the City of London Corporation Pension Fund financial statements.

6. Support Costs

The cost of administration, which includes the salaries and associated cost of officers, together with premises and office expenses, is allocated by the City of London Corporation to the activities under its control, including the activities within Bridge House Estates, on the basis of resources consumed on the respective services. These expenses include the cost of administrative and technical staff (e.g. surveyors, engineers).

Support costs are analysed by activity as follows:

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

| | Tourism £'m | Investment property £'m | Investment management £'m | Bridges £'m | Grants £'m | Governance £'m | 2015/16 Total £'m | 2014/15 Total £'m |
|---|----------------|-------------------------------|---------------------------------|----------------|---------------|-------------------|-------------------------|-------------------------|
| Department: Chamberlain | - | 0.2 | - | 0.1 | 0.1 | - | 0.4 | 0.4 |
| Comptroller & City Solicitor | - | 0.1 | - | - | - | 0.1 | 0.2 | 0.2 |
| Town Clerk | - | - | - | - | - | 0.2 | 0.2 | 0.2 |
| City Surveyor | - | 1.3 | - | 0.2 | - | - | 1.5 | 1.5 |
| Director of the Built Environment | - | - | - | 0.1 | - | - | 0.1 | 0.1 |
| Director of Culture, Heritage & Libraries | 0.1 | - | - | - | - | - | 0.1 | 0.2 |
| Public Relations Information Systems | - | - | - | - | - | 0.2 | 0.2 | 0.1 |
| Premises Costs | 0.2 | 0.1 | - | 0.1 | 0.1 | - | 0.5 | 0.3 |
| Other | - | - | - | - | 0.1 | 0.2 | 0.3 | 0.4 |
| | - | 0.1 | 0.7 | - | - | 0.2 | 1.0 | 0.9 |
| Sub-total | 0.3 | 1.8 | 0.7 | 0.5 | 0.3 | 0.9 | 4.5 | 4.3 |
| Reallocation of Governance based on staff FTEs | 0.4 | 0.2 | - | 0.2 | 0.1 | (0.9) | - | - |
| Total Support Costs | 0.7 | 2.0 | 0.7 | 0.7 | 0.4 | 0.0 | 4.5 | 4.3 |

The main support services provided by the City of London Corporation are:

| | |
|-----------------------------------|--|
| Chamberlain | Accounting services, insurance, revenue collection, payments, financial systems and internal audit. |
| Comptroller and City Solicitor | Property, litigation, contracts, public law and administration of commercial rents. |
| Town Clerk | Committee administration, human resources, emergency planning. |
| City Surveyor | Work undertaken on the management of the Estate properties, surveying services and advice, supervising and administering repairs and maintenance to operational and investment properties. |
| Director of the Built Environment | Support functions in respect of finance, human resources, information technology, management and administration for the Thames Bridges. |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

| | |
|---|---|
| Director of Culture, Heritage & Libraries | Support functions in respect of finance, human resources, information technology, management and administration for Tower Bridge Tourism. |
| Public Relations | Supporting and promoting City strategic aims and policy priorities for example, by maintaining the organisation's website and corporate contacts database and liaising with the press. |
| Information Systems | The information systems charge relates to the support and operation of the City of London's Corporations central and corporate systems used by Bridge House Estates, on the basis of usage of the systems and small IS development projects that might be required. |
| Premises costs | Bridge House Estates share of the premises costs for the use of the Guildhall complex. |
| Other | Various services including corporate training, corporate printing, occupational health, union costs, environmental and sustainability section. |

7. Staff numbers and costs

Officers employed by the City of London Corporation work on a number of City of London Corporation activities. The number of full time equivalent directly employed staff with total employee benefits (excluding pension contributions) in respect of the Investment Properties, Bridges, Tower Bridge Tourism and the Grants Unit is 109.8 at a cost of £3.92m million (2014/15: 98.6 staff at a cost of £3.56 million). The cost of agency staff in the year totalled £0.44m (2014/25: £0.32m)

The number of directly charged staff with total employee benefits (excluding pension contributions) earning less than £60,000 is shown below.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

| Employees that earn less than £60,000 per annum | | | | | | |
|--|-----------------------------|------------------|--------------------------------------|--|----------------------------------|-------------------------|
| | No of full time equivalents | Gross pay £'m | Employer's National Insurance £'m | Employer's Pension Contribution £'m | Total 2015/16 £'m | Total 2014/15 £'m |
| Investment properties | 18.10 | 0.43 | 0.04 | 0.09 | 0.56 | 0.58 |
| Tower Bridge | | | | | | |
| Tourism | | | | | | |
| - permanent staff | 46.32 | 1.18 | 0.09 | 0.17 | 1.44 | 1.16 |
| - temporary staff | - | 0.36 | - | - | 0.36 | 0.30 |
| Bridges | | | | | | |
| - permanent staff | 25.62 | 0.71 | 0.06 | 0.12 | 0.89 | 1.07 |
| - temporary staff | - | 0.05 | - | - | 0.05 | 0.02 |
| Grants Unit | | | | | | |
| - permanent staff | 11.10 | 0.31 | 0.02 | 0.04 | 0.37 | 0.62 |
| - temporary staff | - | 0.03 | - | - | 0.03 | - |
| Total | 101.14 | 3.07 | 0.21 | 0.42 | 3.70 | 3.75 |

The number of directly charged staff earning more than £60,000 in bands of £10,000 is set out below.

| Employees who earn more than £60,000 per annum | | | | | | | |
|---|-----------------|--------------------------------------|------------------|--------------------------------------|--|----------------------------------|-------------------------|
| | Band £'000 | No of full time equivalent employees | Gross pay £'m | Employer's National Insurance £'m | Employer's Pension Contribution £'m | Total 2015/16 £'m | Total 2014/15 £'m |
| Grant's Unit | 60-69,999 | 1.0 | 0.05 | 0.01 | 0.01 | 0.07 | - |
| Tower Bridge/ Tourism | 60-69,999 | 3.7 | 0.21 | 0.02 | 0.04 | 0.27 | - |
| Grant's Unit Tower Bridge/ Tourism | 70-79,999 | 3.0 | 0.17 | 0.02 | 0.03 | 0.22 | - |
| Grant's Unit | 80-89,999 | - | - | - | - | - | 0.03 |
| Grant's Unit | 90-99,999 | - | - | - | - | - | 0.10 |
| Grant's Unit | 100- 109,999 | 1.0 | 0.08 | 0.01 | 0.01 | 0.10 | - |
| Total | | 8.7 | 0.51 | 0.06 | 0.09 | 0.66 | 0.13 |

All employees whose total employee benefits were above the £60,000 threshold, have retirement benefits accruing under the defined benefit scheme (accounting policies 1 (f)).

In addition, support service staff are charged to Bridge House Estates and other City of London Corporation activities on the basis described in note 6. The whole time equivalent number of support service staff charged is 59.0 (2014/15: 58.3).

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Remuneration of Key Personnel

The trust considers its key management personnel comprise the trustees and senior officers employed by the City of London Corporation which manage the activities of the Trust. These include the Town Clerk and Chief Executive, Chamberlain, Deputy Town Clerk, Comptroller and City Solicitor, City Surveyor, Director of Culture, Heritage and Libraries, and the Chief Grants Officer. These officers work on a number of the City of London Corporation's activities and their salaries and associated costs are allocated to the activities under its control, including this trust, on the basis of employee time spent on the respective services. The proportion of their employment benefits, including employer pension contributions, allocated to the trust amounted to £198,000 in 2015/16 (2014/15: £197,000). Trustees are unpaid and do not receive allowances.

8. Tangible fixed assets

| | Computers and other equipment £'m | Fixtures and fittings £'m | Leasehold Improvements £'m | Total £'m |
|---------------------------------|--|---------------------------------|----------------------------------|--------------------------------|
| <u>Cost</u> | | | | |
| At 1 April 2015 | 0.4 | 1.8 | 4.2 | 6.4 |
| Additions/Adjustments | - | - | - | - |
| Disposals | - | - | - | - |
| At 31 March 2016 | 0.4 | 1.8 | 4.2 | 6.4 |
| <u>Accumulated depreciation</u> | | | | |
| At 1 April 2015 | 0.3 | 0.8 | 1.4 | 2.5 |
| Charge for year | - | - | 0.3 | 0.3 |
| Disposals | - | - | - | - |
| At 31 March 2016 | 0.3 | 0.8 | 1.7 | 2.8 |
| <u>Net book values</u> | | | | |
| At 31 March 2015 | 0.1 | 1.0 | 2.8 | 3.9 |
| At 31 March 2016 | 0.1 | 1.0 | 2.5 | 3.7 |

The net book value of tangible fixed assets relating to direct charitable purposes amounts to £3.7 million (2014/15: £3.9 million).

In addition to the above the following also occurred, however due to rounding they do not appear in the table: Total additions of £26k comprising; £12k for computer equipment and £12k for fixtures and fittings and £2k for leasehold Improvements. There was a depreciation charge for the year of £23k on computer equipment and £18k on fixtures and fittings.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

9. Heritage assets

The primary purpose of Bridge House Estates is the provision and maintenance of five river Bridges. The Bridges were either built by the Charity or donated to it. The length of time the Bridges have been owned by the Trust stretches from the 12th Century to the 21st Century and therefore the Bridges are considered to be inalienable heritage assets and are not capitalised in the Financial Statements. Further information regarding the policy for the preservation and management of heritage assets has been included within the trustee's annual report.

10. Fixed asset investments

The Trust holds four types of fixed asset investments as detailed below:

To provide an investment return to the Charity to enable the Charity to fulfil its charitable objectives. The investment assets are divided into two categories – property investments under the management of the City Surveyor of the City of London Corporation and non-property investments under the management of fund managers.

1) Property investments

These investments are under the management of the City Surveyor of the City of London Corporation and are held to provide an investment return to the Charity to enable the charitable objectives to be fulfilled.

The value of property investments is arrived at as follows:

| | 2015/16 £'m | Restated 2014/15 £'m |
|--|------------------------------|----------------------------|
| Property investments | | |
| Market value 1 April | 532.6 | 450.7 |
| Purchase costs* | 22.4 | 19.7 |
| Net unrealised gain on revaluation at 31 March | 55.9 | 67.5 |
| Book value of disposed assets | - | (5.4) |
| Market value 31 March | 610.9 | 532.5 |

* Includes Rent Free Adjustment of £0.1m.

Net gain on property investments

The net gain on property investments is arrived at as follows:

| | 2015/16 £'m | Restated 2014/15 £'m |
|--|------------------------------|----------------------------|
| Property investments | | |
| Net unrealised gain on revaluation at 31 March | 55.9 | 67.5 |
| Realised gain on disposal | - | 1.0 |
| Market value 31 March | 55.9 | 68.5 |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

As many of the investment properties were gifted to the Trust and others were acquired centuries ago, it is impracticable to provide historical cost information. It has been assumed that the historical cost is nil. The properties are situated in Greater London. In 2015/16 there were no permanent losses on revaluation (2014/15: £0).

2) Investments under Fund Management and Long / Short Term Deposits

These investments are under the management of fund managers and are held to provide an investment return to the Charity to enable the charitable objectives to be fulfilled.

Analysis of movement:

| | 2015/16 £'m | 2014/15 £'m |
|---|-----------------------|----------------|
| Total investments at 1 April | 640.1 | 594.5 |
| Add: Additions to investments at cost | - | - |
| Less: Disposals at market value | - | - |
| Add: Net gain on revaluation | - | - |
| Less: Realised Investments | (11.5) | (14.3) |
| Movement in fair value of managed investments | (1.9) | 65.1 |
| Change in long term deposits | - | - |
| Change in cash held by fund manager and short term deposits | (21.8) | (5.2) |
| Total investments at 31 March 2016 | 604.9 | 640.1 |

In June 2015, holdings in the pooled vehicle managed by Southeastern Asset Management Inc. were divested and the funds were initially split between the fund managers of other global equity pooled vehicles. In October 2015 Harris Associates were appointed as a replacement global fund manager and funds were transferred to them in December 2015.

In October 2015 it was decided to remove the funds held by GMO(UK) Ltd and redistributed them between two UK fund managers – Lindsell Train and Majedie, This transaction was completed in June 2016.

Net advances to fund managers during 2015/16 were £5.7m (2014/15: advances to fund managers £1.1m). Total investments as at 31 March are analysed between long term and short term as follows:

| | 2015/16 £'m | 2014/15 £'m |
|--|-----------------------|----------------|
| Long term | 589.7 | 603.1 |
| Short term deposits (*) and money market funds | 9.5 | 23.1 |
| Short term investments in hands of fund managers | 5.7 | 13.9 |
| Total | 604.9 | 640.1 |

(*) The Chamberlain's Banking Account includes cash on deposit £4.2m (2014/15: £10.5m) and accrued interest of £0.4m (2014/15: £0.3m), neither of which fall within the FRS1 definition of cash. Accordingly, these balances are included within Investments and Debtors respectively.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

The geographical spread of investments, including cash held by fund managers and short term deposits, at 31 March was as follows:

| | 2015/16 £'m | 2014/15 £'m |
|---|------------------------------|----------------|
| United Kingdom (including cash held by fund managers) | 263.0 | 236.3 |
| Europe (excluding UK) | 70.1 | 92.8 |
| United States of America | 210.0 | 210.2 |
| Japan | 26.4 | 35.4 |
| Pacific (excluding Japan) | 18.9 | 35.6 |
| Emerging Markets | 16.5 | 29.8 |
| Total | 604.9 | 640.1 |

Investment Analysis by Type

| | 2015/16 £'m | 2014/15 £'m |
|-----------------|------------------------------|----------------|
| Fixed Interest | | |
| UK | 9.9 | 23.1 |
| Overseas | 27.2 | 27.1 |
| Index Linked | | |
| UK | 24.6 | 24.1 |
| Overseas | 29.1 | 23.8 |
| Pooled Units | | |
| UK | 75.1 | 78.2 |
| Overseas | 350.7 | 383.5 |
| Listed Equities | | |
| UK | 8.6 | 10.9 |
| Overseas | 37.3 | 46.9 |
| Managed Funds | 5.7 | 13.9 |
| Venture Capital | - | 8.6 |
| Private Equity | 11.5 | - |
| Infrastructure | 25.2 | - |
| Total | 604.9 | 640.1 |

The investment powers of the Trust are set out in an order of the Charity Commission dated 20 July 1998 (Ref: 251.98). This order enables the Trustee to invest the property of the Trust either:

- in the acquisition of any securities or property (real or personal) of any sort; or
- on deposit or loan whether in the UK or elsewhere.

Programme related investments

On the 29th July 2010 the City Bridge Trust purchased a £100,000 zero interest investment bond (the East London Bond) in support of the Bromley by Bow Centre and Community Links. This investment did not generate a financial return but was held to fulfil the charitable objectives of the Trust. The bond was repaid in 2015.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Social Investment Fund

The Trust has the following investments, which are a form of social investment made in part to fulfil the charitable purposes of the Trust and in part to generate a financial return. By the end of 2015/16 the value of these social investments amounted to £8.2m.

| Organisation / Enterprise | £'m |
|--|------------|
| Investments placed 2015/16 | |
| Affordable Homes Rental Fund | 0.4 |
| HCT Group | 0.5 |
| Golden Lane Housing 2014 Bond | 0.4 |
| Glasgow Together | 0.4 |
| Commonweal Praxis Housing Project | 0.2 |
| Thera Trust | 0.1 |
| Total 2015/16 | 2.0 |
| Investments placed 2014/15 | |
| Columbia Threadneedle UK Social Bond Fund | 1.5 |
| Rathbone Ethical Bond Fund | 1.0 |
| Real Lettings Property Fund | 0.6 |
| Commonweal Praxis Housing Project | 0.2 |
| Affordable Homes Rental Fund | 0.1 |
| Y:Cube Housing | 0.5 |
| The Foundry | 0.3 |
| Total 2014/15 | 4.2 |
| Investments placed 2013/14 | |
| Real Lettings Property Fund | 0.4 |
| Golden Lane Housing 2013 Bond | 0.5 |
| Midlands Together | 0.3 |
| Greenwich Leisure | 0.5 |
| Total 2013/14 | 1.7 |
| Investments placed 2012/13 | |
| Small Enterprise Impact Investing Fund | 0.3 |
| Total 2012/13 | 0.3 |
| Total social investments at 31 March 2016 | 8.2 |

All investments placed in prior years remain active at 31st March 2016.

11. Nature and extent of risks arising from financial instruments

The City Of London Corporation's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due;
- Liquidity risk – the possibility that the City might not have enough funds available to meet its commitments to make payments;
- Market risk – the possibility that financial loss might arise as a result of changes in such measures as interest rates and stock market movements.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

The City of London Corporation has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and sets treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code. The City's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a Central Treasury Team, under policies approved by the Court of Common Council in the annual treasury management strategy statement.

Credit Risk

Credit risk is the potential risk that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms. Credit risk principally arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions. Deposits are not made with banks and financial institutions unless they are rated independently with a minimum score of Long term A, Short term F1. The City Corporation also invests in Money Market Funds, which are subject to a minimum credit rating of AAA/mmf. The lending list is reviewed on a regular basis using advice from credit rating agencies and in-house judgements based partially on credit default swap rates.

The creditworthiness of the counterparties on the City Corporation's lending list is carefully monitored. Security of the investments is paramount but with liquidity and yield also being considerations. By the end of the year the City effectively only had five potential borrowers in the form of banks and it was necessary to maintain high levels of individual maximum lending limits to accommodate lending requirements. The lending limit attributable to HSBC, Barclays, Royal Bank of Scotland Group Banks and Santander UK was maintained at maximum lending limits of £100m each, and the government supported Lloyds TSB Bank was fixed at £150m, this organisation being the City's banker. The maximum duration for such loans was fixed at three years. The lending limit for the top five building societies in terms of net asset values was maintained with Nationwide Building Society at £120m, and Coventry, Leeds, Skipton and Yorkshire at £20m per building society. The list also contains three foreign banks with individual limits of £25m, National Australia Bank, Australia and New Zealand Banking Group and Svenska Handelsbanken. The lending list also includes seven top rated Money Market Funds; Aberdeen, CCLA, Federated Prime Rate and Standard Life (Ignis) Liquidity Funds, Invesco Short Term Money Market Fund and Payden Sterling Reserve Fund, which effectively offer daily liquidity for deposits.

The City's maximum exposure to credit risk in relation to its investments in banks and money market funds cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. No credit limits were exceeded during the reporting period and the City does not expect any losses from non-performance by any counterparty in relation to outstanding deposits.

The City does not generally allow credit for customers. Therefore the potential maximum exposure to credit risk is with customers for which prudent provision for bad debts has been included within the accounts based on the length of time past due and progress on recovery action. The past due but not impaired amount is summarised below.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

| | Amount as at 31 March 2016 £'m | Amount as at 31 March 2015 £'m |
|------------------------|---|---|
| Less than three months | - | 0.1 |
| Three to six months | - | - |
| Six months to one year | - | - |
| More than one year | 0.2 | 0.1 |
| Total | 0.2 | 0.2 |

Liquidity risk

Liquidity risk is the risk that Bridge House Estates is unable to meet its payment obligations as they fall due. There is no significant risk that Bridge House Estates will be unable to raise finance to meet its commitments under financial instruments. At present, Bridge House Estates has no borrowing exposure and has no plans to borrow to finance future capital expenditure. Bridge House Estates will finance operations and growth by realising investments as appropriate to ensure the constant availability of an appropriate amount of reasonably priced funding to meet both current and future forecast requirements. All trade creditors are due to be paid in less than one year.

Market risk

Interest rate risk

Movements in interest rates would have an impact on Bridge House Estates. For instance, a rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the Statement of Financial Activities will rise;
- investments at fixed rates – the fair value of the assets will fall.

The continuing low interest rates for 2015/16 had an adverse impact on the interest earnings of Bridge House Estates, which is anticipated to continue in 2016/17, although longer term deals are entered into wherever possible to earn higher rates when available. The Treasury Management Team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year.

If interest rates had been 1% higher, with all other variables held constant, the financial effect at 31 March 2016 would have been an increase in interest receivable of £0.1m.

Price Risk

Price risk is the risk of a decline in the value of a security or a portfolio. Bridge House Estates minimises price risk through a strategy of diversification by holding a geographical spread of investments in the UK and overseas markets.

By taking the data available from the past three financial years, and making considered predictions of expected returns, in consultation with State Street Analytics, which is the firm the City of London uses for performance measurement, the following movements in market price risk are reasonably possible for the 2015/16 reporting period.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

| Potential market movements | |
|-----------------------------------|-----------------|
| Asset type | % Change |
| UK Equities | 9.87% |
| Global Equities | 10.00% |
| Index Linked Bonds | 9.09% |
| Pooled Bonds | 3.61% |
| Multi-Asset | 3.70% |
| Infrastructure | 5.52% |
| Cash | 0.01% |
| Total managed investments | 6.25% |

The potential percentage allowance for changes in asset values are within a one-standard deviation tolerance. Taking these changes, the potential increase/decrease in the market prices of the fund's assets have been derived, and provide a range of possible net asset values which would be available to meet the fund's liabilities.

| Asset type | Value £'m | Change % | Value on increase £'m | Value on decrease £'m |
|----------------------------------|----------------------|---------------------|--------------------------------------|--------------------------------------|
| UK Equities | 85.6 | 9.87% | 94 | 77.2 |
| Global Equities | 213.9 | 10.00% | 235.3 | 192.5 |
| | 299.5 | | | |
| Index Linked Bonds | 53.7 | 9.09% | 58.6 | 48.8 |
| Pooled Bonds | 27.6 | 3.61% | 28.6 | 26.6 |
| | 81.3 | | | |
| Multi-Asset | 183.6 | 3.70% | 190.4 | 176.8 |
| Infrastructure | 25.2 | 5.52% | 26.6 | 23.8 |
| Cash | 5.7 | 0.01% | 5.7 | 5.7 |
| Total managed investments | 595.3 | 6.25% | 632.5 | 558.1 |

The percentage change for equities includes a grouping of listed and private equities and the equity funds categorised elsewhere as pooled unit trusts. The percentage change for bonds includes a grouping of government and corporate fixed interest securities. Separate consideration of the individual asset types is not available.

Foreign Currency Risk

Foreign currency risk (also known as foreign exchange risk or exchange rate risk) is a financial risk that exists when a financial transaction or asset/liability is denominated in a currency other than that of the base currency of a company or investor. The risk is that a movement in the exchange rate may cause a foreign currency investment's value to either decrease or increase when the investment is sold and converted back into the original currency.

The following table shows the illustrative effect on Bridge House Estates' asset values that would result from movements in exchange rates.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

| | Value £'m | Change % | Value on increase £'m | Value on decrease £'m |
|----------------------------------|--------------|-------------|-----------------------------|-----------------------------|
| North America investments | 209.9 | 7.43% | 225.5 | 194.3 |
| Europe (ex UK) investments | 70.1 | 6.46% | 74.6 | 65.6 |
| Asia Pacific investments | 45.3 | 8.06% | 49 | 41.6 |
| Emerging investments | 16.5 | 6.79% | 17.6 | 15.4 |
| Overseas Total | 341.8 | | 366.7 | 316.9 |
| UK investments & cash | 253.5 | | | |
| Total managed investments | 595.3 | | | |

12. Debtors

| | 2015/16 £'m | Restated 2014/15 £'m |
|------------------|----------------|----------------------------|
| Accrued interest | 0.2 | 0.4 |
| Rental debtors | 1.7 | 1.2 |
| Other debtors | 4.7 | 3.1 |
| Total | 6.6 | 4.7 |

13. Creditors – amounts falling due within one year

| | 2015/16 £'m | Restated 2014/15 £'m |
|-------------------------------------|----------------|----------------------------|
| Grants payable | 25.2 | 22.8 |
| Accruals | 1.9 | 2.0 |
| Property income received in advance | 5.6 | 5.3 |
| Rent deposits | 4.2 | 3.5 |
| Trade and other creditors | 2.5 | 2.1 |
| Total | 39.4 | 35.7 |

14. Creditors – amounts due after more than one year

| | 2015/16 £'m | 2014/15 £'m |
|----------------|----------------|----------------|
| Grants payable | 3.6 | 4.5 |
| Total | 3.6 | 4.5 |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

15. Pensions

City of London Corporation defined benefit pension scheme

The City of London Corporation operates a funded defined benefit pension scheme, The City of London Pension Fund, for its staff employed on activities relating to its three funds (i.e. City Fund, City's Cash and Bridge House Estates).

The assets of the scheme are held in a specific trust separately from those of the Corporation and contributions are paid to the scheme as agreed with the scheme's Trustees. As the proportion of the Pension Fund that relates to Bridge House Estates (The "Trust") is not separately identifiable, the share of pension contributions paid to the scheme by the Trust is calculated pro-rata to employer's contributions paid by each of the City of London Corporation contributors to the scheme.

Accounting for the defined benefit scheme under FRS102

The full actuarial valuation of the defined benefit scheme as at 31 March 2015 was updated to 31 March 2016, by an independent qualified actuary in accordance with FRS102. As required by FRS102, the defined benefit liabilities have been measured using the projected unit method.

The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The return on equities is then assumed to be a margin above gilt yields.

The estimated amount of total employer contributions expected to be paid to the scheme by the Trust during 2017 is £434,000 (2015 actual: £396,000). This figure is calculated pro-rata to total contributions that will be payable by the City of London Corporation in accordance with the Schedule of Contributions towards the scheme's deficit.

(a) Major assumptions by the actuary

Financial

The financial assumptions used for the purposes of the FRS102 calculations are as follows:

| Assumptions as at: | 2016 % p.a. | 2015 % p.a. | 2014 % p.a. |
|---------------------------|------------------------------|----------------|----------------|
| RPI increases | 3.2 | 3.2 | 3.6 |
| CPI increases | 2.3 | 2.4 | 2.8 |
| Salary increases | 3.8 | 3.9 | 4.3 |
| Pension increases | 2.3 | 2.4 | 2.8 |
| Discount rate | 3.6 | 3.3 | 4.4 |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Life expectancy

The assumed life expectations from age 65 are:

| Life expectancy from age 65 (years) | | 2016 | 2015 |
|--|---------|-------------|------|
| Age 65 retiring today | Males | 23.0 | 22.9 |
| | Females | 25.4 | 25.3 |
| Retiring in 20 years | Males | 24.8 | 24.7 |
| | Females | 27.3 | 27.2 |

The table reflects the change in the mortality tables used for the 31 March 2016 valuation and allowance is made for future improvements in life expectancy.

(b) Amounts included in the balance sheet

The amounts included in the Bridge House Estates balance sheet arising from the City of London Corporation pension scheme's liabilities in respect of the defined benefit scheme for the current and previous two periods are as follows:

| | 2016 | 2015 | 2014 |
|---------------------------------------|-------------|------------|------------|
| | £'m | £'m | £'m |
| Fair value of assets (bid value) | 14.6 | 15.1 | 13.3 |
| Fair value of liabilities | 24.2 | 24.9 | 21.2 |
| Net liability | 9.6 | 9.8 | 7.9 |
| Present value of unfunded liabilities | - | 0.1 | 0.1 |
| Unrecognised past service cost | - | - | - |
| Net liability in balance sheet | 9.6 | 9.9 | 8.0 |

The net pension fund liability of £9.6m in the Balance Sheet (2015: £9.9m) represents 2% of the total net balance sheet liability in the City of London Corporation Pension Fund financial statements.

(c) Amounts included in the Statement of Financial Activities

The amounts included within total resources expended under FRS102 in relation to the defined benefit scheme are as follows:

| | 2016 | 2015 |
|--|--------------|-------|
| | £'m | £'m |
| Current service cost | 0.7 | 0.5 |
| Past service cost | - | - |
| Interest cost | 0.3 | 0.9 |
| Expected return on scheme assets | - | (1.3) |
| Contributions | (0.4) | - |
| Gains/(losses) on curtailments and settlements | - | - |
| Total expense | 0.6 | 0.1 |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

The total pension costs charged in the Statement of Financial Activities (as adjusted for current service cost and employer's contributions) represents 2% of the total charge in the City of London Corporation Pension Fund financial statements.

(d) Asset allocation

The current allocation of the scheme's assets is as follows:

| Employer asset share - bid value | 2016 | | 2015 | |
|----------------------------------|-------------|------------|-------------|------------|
| | £'m | % p.a. | £'m | % p.a. |
| Equity Investments | 9.1 | 63 | 12.3 | 84 |
| Gilts | - | - | 2.0 | 14 |
| Cash | - | - | 0.4 | 2 |
| Infrastructure | 0.6 | 4 | - | - |
| Absolute Return Portfolio | 4.9 | 33 | - | - |
| Total assets | 14.6 | 100 | 14.7 | 100 |

The Trust's share of pension scheme assets at 31 March 2016 of £14.6m (2015: £14.7m) represents 2% of the total pension scheme assets of the City of London Corporation Pension Fund.

(e) Movement in the present value of scheme liabilities

Changes in the present value of the scheme liabilities over the year are as follows:

| | 2016 £'m | 2015 £'m |
|---|---------------|---------------|
| Surplus/(deficit) at beginning of the year | (25.0) | (21.3) |
| Current service cost | (0.7) | (0.5) |
| Interest Cost | (0.8) | (0.9) |
| Remeasurement gains/losses: | | |
| Actuarials gains/losses arising from changes in financial assumptions | 1.8 | (2.9) |
| Past service cost, including curtailments | - | - |
| Liabilities extinguished on settlements | - | - |
| Benefits paid | 0.7 | 0.7 |
| Contributions from scheme participants | (0.2) | (0.1) |
| Unfunded pension payments | - | - |
| Surplus/(deficit) at the end of the year | (24.2) | (25.0) |

The Trust's share of the closing value of the pension scheme liabilities of £24.2m (2015: £25.0m) represents 2% of the total closing value of the pension scheme liabilities of the City of London Corporation Pension Fund.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

(f) Movement in the scheme net liability

The net movement in the scheme liabilities over the year are as follows:

| | 2016 £'m | 2015 £'m |
|---|---------------------------|--------------|
| Surplus/(deficit) at beginning of the year | (9.9) | (8.0) |
| Current service cost | (0.7) | (0.5) |
| Net interest | (0.3) | - |
| Employer contributions | 0.4 | 0.4 |
| Unfunded pension payments | - | - |
| Past service cost | - | - |
| Other finance expense | - | - |
| Settlements and curtailments | - | - |
| Actuarial gains/(losses) | 0.9 | (1.8) |
| Surplus/(deficit) at the end of the year | (9.6) | (9.9) |

The net pension fund liability of £9.6m in the balance sheet (2015: £9.9m) represents 2% of the total net balance sheet liability in the City of London Corporation Pension Fund financial statements.

(g) Movement in the present value of scheme assets

Changes in the fair value of the scheme assets over the year are as follows:

| | 2016 £'m | 2015 £'m |
|--|---------------------------|-------------|
| 1st April | 15.1 | 13.3 |
| Interest on assets | 0.5 | 0.6 |
| Remeasurement gains/losses: | | |
| Return on assets less interest | (0.8) | 1.4 |
| Administration expenses | - | - |
| Contributions by employer including unfunded | 0.4 | 0.4 |
| Contributions by scheme participants | 0.2 | 0.2 |
| Estimated benefits paid net of transfers in and including unfunded | (0.8) | (0.8) |
| Settlement prices received/(paid) | - | - |
| Closing value of scheme assets | 14.6 | 15.1 |

The Trust's share of the closing value of the pension scheme assets of £14.6m (2015: £15.1m) represents 2% of the total closing value of the pension scheme assets of the City of London Corporation Pension Fund.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

(h) Projected pension expense for the year to 31 March 2017

No allowance has been made for the costs of any early retirements or augmentations which may occur over the year and whose additional capitalised costs would be included in the liabilities. As it is only an estimate, actual experience over the year may differ. No balance sheet projections have been provided on the basis that they will depend upon market conditions and the asset value of the scheme at the end of the following year.

| | Year to 31/03/2017 £'m | Year to 31/03/2016 £'m |
|------------------------------|---------------------------------------|---------------------------------------|
| Service cost | 0.6 | 0.7 |
| Interest cost | 0.3 | 0.3 |
| Return on Fund assets | - | - |
| Total expense | 0.9 | 1.0 |
| Employer contribution | 0.4 | 0.4 |

The total pension costs to be charged in the Statement of Financial Activities for 2017 of £0.9m (2016: £1.0m) represents 2% of the total amount to be charged in the City of London Corporation Pension Fund financial statements.

16. Funds

Analysis of net assets by fund

| | General Funds £'m | Designated Funds £'m | 2015/16 Total £'m | Restated 2014/15 Total £'m |
|----------------------------------|-------------------------|----------------------------|----------------------------------|-------------------------------------|
| Fixed assets | 549.6 | 662.9 | 1,212.5 | 1,145.9 |
| Net current assets/(liabilities) | (15.8) | - | (15.8) | 10.1 |
| Creditors more than one year | (3.6) | - | (3.6) | (4.5) |
| Pension reserve | (9.6) | - | (9.6) | (9.9) |
| Total assets | 520.6 | 662.9 | 1,183.5 | 1,141.6 |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Movement of unrestricted funds during the year to 31 March 2016

| | Restated Balance at 1 April 2015 | Net income / (expenditure) before transfers | Transfers between Funds | Pension Movement | Balance at 31 March 2016 |
|---------------------------------|--|--|-------------------------------|---------------------|--------------------------------|
| | £'m | £'m | £'m | £'m | £'m |
| Unrestricted - General Funds | 520.1 | (9.9) | 20.0 | - | 530.2 |
| Pension Reserve | (9.9) | (0.6) | - | 0.9 | (9.6) |
| Total General Funds | 510.2 | (10.5) | 20.0 | 0.9 | 520.6 |
| Unrestricted - Designated Funds | | | | | |
| Designated Sales Pool | 30.2 | - | (22.5) | - | 7.7 |
| Property Revaluation | 446.4 | 51.5 | - | - | 497.9 |
| Finsbury House | 0.2 | - | - | - | 0.2 |
| Property Dilapidations | 1.2 | 0.3 | - | - | 1.5 |
| Bridges Repairs | 138.6 | (0.3) | 4.5 | - | 142.8 |
| Tower Bridge Tourism | 1.0 | - | - | - | 1.0 |
| Social Investment Fund | 13.8 | - | (2.0) | - | 11.8 |
| Total Designated Funds | 631.4 | 51.5 | (20.0) | - | 662.9 |
| | | | | | |
| Total Funds | 1,141.6 | 41.0 | - | 0.9 | 1,183.5 |

Notes to the Unrestricted Funds

- 1) *General Fund* - representing the non-designated unrestricted funds of the Trust which results from the excess of income over expenditure carried forward from previous years. These funds are required to meet the Charity's commitments on an ongoing basis. The commitments are:
 - Bridge operations - The Charity has a duty to operate and maintain the five River Bridges; and
 - Grant giving - The Charity Commission agreed a Cy-près scheme in 1995 to enable the Charity to use its surplus funds to give grants to charitable organisations across Greater London. The funds generating the income are not available for grant making under the terms of the scheme.
- 2) *Pension Reserve* – This represents the net pension fund liability relating to Bridge House Estates.

As set out in the accounting policies the Trustee has designated certain funds for particular purposes. These are as follows:

Designated Reserve Funds - The Trustee has designated reserve funds which represent:

- 3) *Designated Sales Pool* – This Fund exists to finance capital expenditure on additions to the Bridge House Estates investment property portfolio. It is built up from capital receipts from disposals of interests in the Estate.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

- 4) *Property Revaluation* – In most cases, the cost of property investments is unknown. This item either represents either the market value of investment property or the difference between cost and market value, where cost is known.
- 5) *Finsbury House* - This represents contributions by tenants for service charges and is to ensure that funds are available to finance major cyclical works.
- 6) *Property Dilapidations* – When a tenant leaves a property and has not kept the property in the condition required by the lease, an agreed sum is paid to the Trust relating to the repairs needed to bring the property back to the state it was at the commencement of the tenancy. These Funds are being held pending their utilisation on re-instating the properties.
- 7) *Bridges Repairs, Maintenance and Major Works Fund* – A fund has been established to equalise the payments required to repair and maintain the five bridges over a 50 year period.
- 8) *Tower Bridge Tourism* – A fund has been established from the net proceeds generated by the tourism operation at Tower Bridge, to cover any future shortfall in income that may arise due to the volatile nature of the tourism market.
- 9) *Social Investment Fund* - funds have been set aside for the purpose of making financial investments, generating a financial return consistent with the investment criteria set by the Trustee, in the social investment market with the associated social impacts.

17. Commitments

The following commitments have been made at 31 March in respect of future accounting periods:

| | 2016 £'m | 2015 £'m |
|--------------------------|---------------------------|-------------|
| Capital works authorised | 24.1 | 5.4 |

18. Related parties

The following disclosures are made in recognition of the principles underlying Financial Reporting Standard 8 concerning related parties.

One of the capacities of the City of London Corporation is that of Trustee of the Trust, as described on page 2. The City of London Corporation provides management, surveying and administrative services for the Trust. The costs incurred by the City of London Corporation in providing these services are charged to the Trust. The City of London Corporation also provides banking services, charging all transactions to the Trust at cost and crediting or charging interest at a commercial rate. The cost of these services is set out in the Statement of Financial Activities under “Resources expended” and an explanation of these services is set out in note 5 and 6 to the Financial Statements.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

The City of London Corporation is also the Trustee of a number of other Charitable Trusts. These Trusts do not undertake transactions with Bridge House Estates. A full list of these Trusts is available on application to the Chamberlain of the City of London.

Members of the City of London Corporation responsible for managing the Trust are required to comply with the Relevant Authority (model code of conduct) Order 2001 issued under the Local Government Act 2000 and the City of London Corporation's guidelines which require that:

- Members sign a declaration agreeing to abide by the City of London Corporation's code of conduct;
- a register of interests is maintained;
- pecuniary and non-pecuniary interests are declared during meetings; and
- Members do not participate in decisions where they have an interest.

There are corresponding arrangements for staff to recognise interests and avoid possible conflicts of those interests. In this way, as a matter of policy and procedure, the City of London ensures that Members and officers do not exercise control over decisions in which they have an interest. Transactions are undertaken by the Trust on a normal commercial basis.

Members and Chief Officers have also been requested to disclose related party transactions of £10,000 or more in 2015/16 including instances where their close family has made transactions with the City of London.

For the year to 31 March 2016 the following transactions were disclosed (rounded to the nearest thousand):

- a Member is Trustee of Wembley National Stadium Trust. Management services are provided to the Trust from City Bridge Trust for which £115,000 was received in 2015/16;
- a Member declared that the Bridge House Estates auditors, Moore Stephens, also audit the livery company of which he is a Court member. Moore Stephens were paid £38,000 for the audit of Bridge House Estates;
- a Member is a Director of Centre for London Ltd which was paid a £19,000 grant from City Bridge Trust;
- a Member declared that he has an investment portfolio managed by Ruffer LLP who also manages an investment portfolio for Bridge House Estates. Management fees paid to Ruffer were £707,000;
- a Member is a Trustee of Blind in Business which was paid a grant of £33,000 from City Bridge Trust and paid rent and service charges of £92,000 to Bridge House Estates;
- a Member is Chairman of Partnership for Young London which was paid a grant of £47,000 from City Bridge Trust;
- a Member is a Trustee of Thames Festival Trust which was paid a grant of £12,000 from City Bridge Trust;
- a Member's husband is a Trustee of St. Ethelburga's Centre for Reconciliation and Peace which was paid a grant of £56,000 from City Bridge Trust;
- two Members are nominated as Trustees on the Cripplegate Foundation. A Member's husband is also Chairman of the Cripplegate Foundation which incorporates Islington Giving. A grant of £50,000 was paid to Islington Giving from City Bridge Trust.
- A Member is a Managing Director of Bank of New York Mellon which is custodian of Bridge House Estates non-property investments. The bank was paid £18,000 from Bridge House Estates for these services.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year to 31 March 2015 the following transactions were disclosed (rounded to the nearest thousand):

- a former common councillor represents the City Corporation on Age UK London which was paid a grant of £35,000 from City Bridge Trust (grant awarded 2012/13, paid 2014/15);
- the City Corporation nominates two Members to the Cripplegate Foundation which was paid a grant of £100,000 from City Bridge Trust, of which £5,000 remains payable at 31 March (grant awarded 2013/14, paid 2014/15);
- the City Corporation nominates a Member to Thames21 which was paid a grant of £187,000 from City Bridge Trust, of which £46,750 remains payable at 31 March; and
- the City Corporation nominates three Members to Trust for London. City Bridge Trust paid a grant of £400,000 in Trust for London.

The Members did not participate in the discussions or the decision making relating to the award of the grants.

Related Party Transaction with the City Fund (the City Fund covers the City of London Corporation's activities as a local authority, police authority and port health authority).

During 2015/16, Bridge House Estates paid £2.2m to the City Fund for the construction of a replacement staircase at London Bridge. The project is included within the City Fund Riverside Walk Enhancement Strategy but was assessed as falling within the objects of the Bridge House Estates Trust. The new staircase and its elegant stainless steel screen is clearly identifiable and its curved landings offer panoramic views across the river. The new route is spacious and light and benefits from natural surveillance, ensuring people now feel comfortable and safe when walking between the Bridge and the Riverside.

There were no significant transactions with the City Fund in 2014/15.

19. Subsequent events

There are risks to Bridge House Estates from the vote to leave the EU on 23 June 2016. In particular, the future levels of demand for office accommodation in the City and surrounding areas and the consequential impacts on rent incomes. A close watching brief will be kept on this and other implications as events unfold during the current months with financial forecasts being refreshed if and when the picture becomes clearer.

BRIDGE HOUSE ESTATES

TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

20. Transition to FRS102

Bridge House Estates financial statements for the year ended 31 March 2016 have been prepared in accordance with the Charities SORP (FRS102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) as issued by the Financial Reporting Council effective from 1 January 2015.

Prior to the adoption of FRS102 Bridge House Estates financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), referred to below as 'previous UK GAAP'. Bridge House Estates last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS102 is 1 April 2014.

The transition to FRS102 has resulted in a number of changes in accounting policies compared to those used when applying previous UK GAAP.

The following explanatory notes to the financial statements describe the differences between the funds and income and expenditure presented under the previous UK GAAP and the newly presented amounts under FRS102 for the reporting period ended at 31 March 2015 (i.e. comparative information), as well as the funds presented in the balance sheet (i.e. at 1 April 2014). It also describes the changes in accounting made on first-time adoption of FRS102.

In the table below funds determined in accordance with FRS102 are reconciled to funds determined in accordance with previous UK GAAP at both 1 April 2014 (the date of transition to FRS102) and 31 March 2015.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Reconciliation of funds determined in accordance with FRS102 to funds determined under previous UK GAAP:

| | As at 1 April 2014 | | | As at 31 March 2015 | | | |
|--|--------------------|----------------------------|--------------------------------|---------------------------|----------------------------|--------------------------------|---------------------------|
| | Notes | Previous UK GAAP £'m | Effect of Transition £'m | Restated FRS102 £'m | Previous UK GAAP £'m | Effect of Transition £'m | Restated FRS102 £'m |
| Fixed assets: | | | | | | | |
| Tangible fixed assets | | 3.1 | | 3.1 | 3.9 | | 3.9 |
| Investments - property | a2 | 450.7 | (0.1) | 450.6 | 532.8 | (0.2) | 532.6 |
| Investments - fair value through Statement of Financial Activities | | 552.3 | | 552.3 | 603.1 | | 603.1 |
| Programme related investments | | 0.1 | | 0.1 | 0.1 | | 0.1 |
| Social Investment Fund | | 2.0 | | 2.0 | 6.2 | | 6.2 |
| Total fixed assets | | 1,008.2 | (0.1) | 1,008.1 | 1,146.1 | (0.2) | 1,145.9 |
| Current assets | | | | | | | |
| Stock - finished goods | | 0.1 | | 0.1 | 0.2 | | 0.2 |
| Debtors | a1 | 12.9 | 0.1 | 13.0 | 4.5 | 0.2 | 4.7 |
| Investments | | 42.2 | | 42.2 | 37.0 | | 37.0 |
| Cash at bank and in hand | | 4.0 | | 4.0 | 3.9 | | 3.9 |
| Total current assets | | 59.2 | 0.1 | 59.3 | 45.6 | 0.2 | 45.8 |
| Creditors: Amounts falling due within one year | b | (32.8) | | (32.8) | (35.6) | (0.1) | (35.7) |
| Net current assets | | 26.4 | - | 26.5 | 10.0 | 0.1 | 10.1 |
| Total assets less current liabilities | | 1,034.6 | - | 1,034.6 | 1,156.1 | (0.1) | 1,156.0 |
| Creditors: Amounts falling due after more than one year | | (2.7) | | (2.7) | (4.5) | | (4.5) |
| Net assets excluding pension scheme liability | | 1,031.9 | | 1,031.9 | 1,151.6 | (0.1) | 1,151.5 |
| Defined benefit pension scheme liability | | (8.0) | | (8.0) | (9.9) | | (9.9) |
| Total net assets | | 1,023.9 | - | 1,023.9 | 1,141.7 | (0.1) | 1,141.6 |
| The Funds of the charity: | | | | | | | |
| Unrestricted income funds excluding pension reserve | | 1,031.9 | | 1,031.9 | 1,151.6 | (0.1) | 1,151.5 |
| Pension reserve | | (8.0) | | (8.0) | (9.9) | | (9.9) |
| Total funds | | 1,023.9 | - | 1,023.9 | 1,141.7 | (0.1) | 1,141.6 |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Reconciliation of net movement in funds for the year ended 31 March 2015

| | Notes | Previous UK GAAP | Gain on revaluation of investment properties | Lease Incentives | Holiday Pay accrual | Realloc- -ation of Govern- -ance costs | Restated FRS102 |
|--|-------|---------------------|---|---------------------|---------------------------|---|--------------------|
| Income and endowments from: | | | | | | | |
| Charitable activities | | | | | | | |
| Tourism fees and charges | | 4.9 | | | | | 4.9 |
| Investments | | | | | | | |
| Investment property income | a1 | 22.3 | | 0.1 | | | 22.4 |
| Interest receivable | | 0.2 | | | | | 0.2 |
| Other | | 0.1 | | | | | 0.1 |
| Total Income | | 27.5 | - | 0.1 | - | - | 27.6 |
| Expenditure on: | | | | | | | |
| Raising funds | | | | | | | |
| Tourism expenses | d | 3.3 | | | | 0.4 | 3.7 |
| Investment property expenses | d | 8.2 | | | | 0.2 | 8.4 |
| Managed investment expenses | b | 3.4 | | | 0.1 | | 3.5 |
| Charitable activities | | | | | | | |
| Repair and maintenance of bridges | d | 4.6 | | | | 0.3 | 4.9 |
| Grants to voluntary organisations | d | 21.0 | | | | 0.1 | 21.1 |
| Governance Costs | d | 1.0 | | | | (1.0) | - |
| Net pension scheme costs | | 0.1 | | | | | 0.1 |
| Total Expenditure | | 41.6 | - | - | 0.1 | - | 41.7 |
| Net gains/(losses) on managed investments | | 65.1 | | | | | 65.1 |
| Net gain on property investments | a1, c | - | 68.6 | (0.1) | | | 68.5 |
| Net incoming resources before other recognised gains and losses | | 51.0 | 68.6 | - | (0.1) | - | 119.5 |
| Other recognised gains/(losses) | | | | | | | |
| Net gain on property investments | c | 68.6 | (68.6) | | | | - |
| Actuarial gains/(losses) on defined benefit pension scheme | | (1.8) | | | | | (1.8) |
| Net movement in funds | | 117.8 | - | - | (0.1) | - | 117.7 |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

Notes:

- a1) Lease incentives – previous UK GAAP required lease incentives, which reduce rental income in the initial years of the lease, to be allocated over the shorter of the lease term and the period ending on the date from which it is expected the prevailing market rental will be payable. FRS102 now requires lease incentives to be allocated over the term of the lease. This change means that rental income is now ‘smoothed’ over a generally longer period which, at the transition date of 1 April 2014, led to an increase of £0.1m in the level of accrued rental income. The movement for the year ended 31 March 2015, was a further increase in accrued income of £0.1m.
- a2) Lease incentives – as the valuation of investment properties is partly based on future rental income (see change noted at 1a above), a corresponding reduction was made to the value of investment properties reflecting that a lower level of income will be recognised in later years.
- b) Holiday pay accruals – previous UK GAAP had no specific requirement to make accruals for employee entitlement to paid holiday leave not yet taken as at year end. FRS102 explicitly requires accruals to be made for holiday pay as the employees earn the right to the paid leave. The initial provision recognised at the date of transition, 1 April 2014, was for the holiday entitlement arising in the year which was due but not taken (£0m). The movement in the provision for the year ended 31 March 2015 was also recognised as an effect of transition (£0.1m).
- c) Gain on revaluation of investment properties – in accordance with FRS102, the gain on revaluation of investment properties (2014/15: £68.5m) is now a component of reported income. The gain, therefore, now impacts on the operating surplus / (deficit) for the year, whereas under previous UK GAAP it did not and was recorded as an ‘other recognised gains/(losses)’ on the statement of financial activities.
- d) Governance costs – in accordance with FRS102 governance costs should no longer be shown as a separate line in the Statement of Financial Activities, instead they have been allocated to service activities as shown on page 54.

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| Organisation Name | Project Description | Total Approved | Number of Years |
|--------------------------------|--|-----------------------|------------------------|
| Investing in Londoners | | | |
| Arts Apprenticeships | | | |
| A New Direction London Limited | to match CEP funding towards the wage costs of an apprentice | £2,000 | 1 year |
| Age UK Kensington & Chelsea | to match CEP funding towards the wage costs of an apprentice | £2,000 | 1 year |
| Akademi South Asian Dance UK | to match CEP funding towards the wage costs of an apprentice | £2,000 | 1 year |
| Battersea Arts Centre (BAC) | to match CEP funding towards the wage costs of an apprentice | £2,000 | 1 year |
| Donmar Warehouse | to match CEP funding towards the wage costs of an apprentice | £2,000 | 1 year |
| Institute of Contemporary Arts | to match CEP funding towards the wage costs of two apprentices | £4,000 | 1 year |
| Intermission St Saviour's | to match CEP funding towards the wage costs of an apprentice | £2,000 | 1 year |
| Lyric Hammersmith | to match CEP funding towards the wage costs of an apprentice | £2,000 | 1 year |
| Museum of London | to match CEP funding towards the wage costs of an apprentice | £2,000 | 1 year |
| National Portrait Gallery | to match CEP funding towards the wage costs of two apprentices | £4,000 | 1 year |
| Orchestras for All | to match CEP funding towards the wage costs of an apprentice | £2,000 | 1 year |
| Royal Court Theatre | to match CEP funding towards the wage costs of an apprentice | £2,000 | 1 year |
| Tate Gallery | to match CEP funding towards the wage costs of an apprentice | £2,000 | 1 year |
| The Albany | to match CEP funding | £2,000 | 1 year |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|---|--|----------------|--------|
| | towards the wage costs of an apprentice | | |
| The Gate Theatre Company Ltd | to match CEP funding towards the wage costs of an apprentice | £2,000 | 1 year |
| Yard Theatre Limited | to match CEP funding towards the wage costs of an apprentice | £2,000 | 1 year |
| Westway Trust | to match CEP funding towards the wage costs of an apprentice | £2,000 | 1 year |
| Total Arts Apprenticeships | | £38,000 | |
| | | | |
| Eco Audits | | | |
| All Souls Parochial Church Council | for an eco-audit | £2,000 | |
| Al-Manaar, the Muslim Cultural Heritage Centre | for an eco-audit | £2,200 | |
| Bethel - London's Riverside Church | for an eco-audit | £3,600 | |
| Haringey Association of Voluntary and Community Organisations | for an eco-audit. | £3,600 | |
| Holy Trinity Eltham | for an eco-audit | £2,200 | |
| Lewisham Elders Resource Centre | for an eco-audit | £2,000 | |
| London Black Women's Project (LBWP) | for an eco-audit | £2,600 | |
| Masjid e Umer | for an eco-audit | £1,800 | |
| Nehemiah Project | for an eco-audit | £2,250 | |
| PCC of St Margaret & St Clement Ilford | for an eco-audit | £2,200 | |
| Project For Advocacy Counselling & Education (PACE) | for an eco-audit | £1,600 | |
| ShareAction | for an eco-audit | £4,600 | |
| Social Enterprise UK | for an eco-audit | £3,200 | |
| St Michael's Fellowship | for an eco-audit | £3,400 | |
| St Philip's PCC, Avondale Square, SE1 | for an eco-audit | £2,000 | |
| Turks Head Charity | for an eco-audit | £1,800 | |
| Total Eco Audits | | £41,050 | |
| | | | |
| English for Speakers of Other Languages | | | |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|--|---|-----------------|---------|
| Blackfriars Settlement | for the staff and project management costs of delivering 216 hours per year of ESOL classes to Entry Level and Entry Level-1 standard | £39,000 | 2 years |
| Education & Skills Development Group (ESDEG) | towards ESOL classes to parents of the supplementary school participants. | £24,890 | 3 years |
| Shpresa Programme | towards a Development Worker plus project running costs to provide ESOL classes for isolated and vulnerable Albanian-speaking women | £71,200 | 3 years |
| The Renewal Programme | to meet the sessional staffing and running costs of providing introductory ESOL classes for women aged 60 years and over | £59,300 | 3 years |
| Urban Partnership Group | for ESOL pre-entry and Level 1 training for 70 individuals from disadvantaged backgrounds and for whom no other training is available | £26,140 | 1 year |
| Total English for Speakers of Other Languages | | £220,530 | |
| | | | |
| Improving Londoners' Mental Health | | | |
| Africa Advocacy Foundation (AAF) | towards salary, project costs and overheads of a project to support young women in addressing the psychological impact of female genital mutilation | £106,500 | 3 years |
| Africans Unite Against Child Abuse | for the costs of a Mental Health Worker/Therapist, project costs and overheads for work benefitting young Londoners | £134,200 | 3 years |
| Brilliant Women | towards the costs of running self-esteem courses and providing one-to-one support to improve the mental health | £5,000 | 1 year |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|---|---|----------|---------|
| | of women and young offenders in Holloway prison, separated from their children | | |
| Child Bereavement UK | for the salary and on-costs of a Bereavement Support Team Lead in Newham | £103,000 | 3 years |
| Derman | towards the salary of a bi-lingual Counsellor and project running costs of a counselling service for Kurdish and Turkish-speaking Londoners | £95,950 | 3 years |
| Freedom from Torture | towards the costs of therapeutic and other support to young people in London | £75,000 | 3 years |
| Greenwich and Lewisham Young People's Theatre | towards the costs of the 'Whatever Youth Theatre' arts programme for young people | £90,900 | 3 years |
| Lambeth and Southwark Mind | towards the salary costs of the CEO and Clinical Director and a contribution to other costs for the psychotherapy service | £147,400 | 3 years |
| MiD Mediation and Counselling Ltd | for a children and young people's counselling service | £13,000 | 1 year |
| Mind (the National Association for Mental Health) | towards the costs of a project to assist migrant and BME communities in London to engage more fully with mental health services | £83,000 | 3 years |
| New Horizon Youth Centre | for the salary costs of a Project Leader and two Lifeskills Workers plus associated costs for the Healthy Minds project | £100,000 | 2 years |
| Off The Record Twickenham | towards a Coordinator post and running costs to provide a counselling service to improve young people's mental health | £61,820 | 3 years |
| Project For Advocacy Counselling & Education (PACE) | towards an Advocacy Worker and associated running costs for an advocacy service for LGBT Londoners with mental health problems | £113,860 | 3 years |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|---|--|-------------------|---------|
| Roma Support Group | for the costs of a Project Co-ordinator, Mental Health Advocates and related running costs for a mental health advocacy service | £122,900 | 3 years |
| Solace Women's Aid | towards the salary and associated running costs of a Children and Family Support Services Manager working with children and young people affected by domestic violence | £98,200 | 2 years |
| Spectra | towards the Counsellor and the counselling and group therapy service for Trans* people in London | £77,000 | 3 years |
| SurvivorsUK | towards the salary of the Director of Clinical Services; therapeutic programme and other costs to support adult male survivors of sexual abuse | £180,000 | 3 years |
| The Guild of Psychotherapists | towards the salary of the Clinic Co-ordinator and project running costs to expand the Community Psychotherapy Service for BME communities in South London | £76,200 | 3 years |
| Waterloo Community Counselling | for the costs of Waterloo Community Counselling's Project Manager and freelance fees for counsellors working with refugees and asylum seekers experiencing trauma, grief or loss | £102,000 | 3 years |
| Total Improving Londoners' Mental Health | | £1,785,930 | |
| | | | |
| Improving London's Environment | | | |
| Chiswick House and Gardens Trust | for the salary of the Kitchen Gardener and associated project costs | £89,100 | 3 years |
| Forest Young Men's Christian | towards the cost of a Farm | £80,400 | 3 years |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|---|--|-------------------|---------|
| Association of East London | Education Officer and project running costs | | |
| Froglife Trust | for the salary of a Project Assistant and related costs of the Dragon Finder project for London | £54,000 | 2 years |
| Garden Museum | towards the costs of building a second Learning Studio | £100,000 | 2 years |
| Hackney City Farm | towards the costs of a Volunteer Co-ordinator post and associated running costs | £117,300 | 3 years |
| Kentish Town City Farm Ltd | for the salary of an Education Officer, together with the associated project running costs | £118,300 | 3 years |
| Learning Through Landscapes Trust | for the salary of a Project Officer, plus admin support and associated running costs | £76,800 | 2 years |
| Sustain: the alliance for better food and farming | for the salaries of a Project Officer, Project Support Officer, plus related costs of the London Grows Project | £144,800 | 3 years |
| The Garden Classroom | towards the salaries of a Community Education Support Officer and the Finance Officer | £81,200 | 3 years |
| The Old Vic Theatre Trust 2000 | towards the costs of the RISE community theatre project | £28,000 | 1 year |
| Zoological Society of London | for the salary of a Project Manager and Project Coordinator, and related Tidal Thames Conservation project costs | £150,000 | 3 years |
| Total Improving London's Environment | | £1,039,900 | |
| | | | |
| Making London More Inclusive | | | |
| Age UK Croydon | to commission an independent access audit | £2,150 | 1 year |
| Amici Integrated Dance Theatre Company | for an outreach dance programme | £12,600 | 1 year |
| Artsadmin | for an independent access audit | £1,985 | 1 year |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|--|---|----------|---------|
| Barking & Dagenham Progress Project | for the salary of a Sports Participation Officer and related project costs | £113,000 | 3 years |
| Bethel - London's Riverside Church | for an independent access audit | £2,796 | 1 year |
| Blind in Business Charitable Trust | towards the salary costs of an Employment Manager and a Life Coach Manager | £98,700 | 3 years |
| Brentford FC Community Sports Trust | for the coaching and running costs of a project for deaf and hearing impaired | £96,250 | 3 years |
| Bush Theatre | to commission an independent access audit to inform the redevelopment of the Old Library building. | £3,711 | 1 year |
| Bush Theatre | towards the cost of installing a lift which is part of Phase 2 of the capital project | £54,600 | 2 years |
| Camden Arts Centre (CAC) | towards the Breaking the Barrier initiative, to contribute towards the cost of three Lead Practitioners, activity and running costs | £94,100 | 3 years |
| Children's Discovery Centre, East London | for access and improvement works at Discover's Stratford site | £100,000 | 2 years |
| Children's Trust | for the salary of a Brain Injury Specialist and related running costs of a brain injury service in London | £120,000 | 2 years |
| deafPLUS | for a Living With Hearing Loss Project Trainer and Project Officer and associated running costs | £135,000 | 3 years |
| Drake Music | for the Connect and Collaborate project in London | £40,000 | 1 year |
| Dyscover Ltd | towards the salary costs of Speech and Language Therapists and assistants and oncosts of a program of support services for people with asphasia and their families in Kingston-upon-Thames. | £40,100 | 3 years |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|--|--|----------|---------|
| East London Advanced Technology Training | for an independent access audit and design appraisal | £1,700 | 1 year |
| Face Front Inclusive Theatre Ltd | towards the salary of an Artistic Director and associated running costs to provide multi accessible theatre and workshops for young disabled people in transition | £99,000 | 3 years |
| Haringey Shed | for the salaries of an Inclusion Worker and Volunteer Manager, and related overheads and associated project costs | £91,100 | 3 years |
| Havering Road Methodist Church | towards the cost of providing an accessible toilet/wet room; improved level flooring and ramps; accessible doorways; and to tarmac the car park and pathways to enable full access | £59,000 | 2 years |
| Headway East London | towards the costs of establishing a flagship studio, marketing the work and enhancing public awareness | £146,000 | 3 years |
| Hillingdon South Society for Mentally Handicapped Children | for access-related building costs | £100,000 | 2 years |
| Independent Living Agency (ILA) | towards a Project Co-ordinator to manage the project, and project costs for delivering the Peer Support Brokers programme for Londoners | £106,600 | 3 years |
| Islington Boat Club (IBC) | towards the costs of sailing instructors | £81,900 | 3 years |
| L'Arche London | towards the access improvements of the hub site at Norwood High Street | £100,000 | 2 years |
| London's Air Ambulance | for the costs of the Patient Liaison Nurse project and helicopter operating costs | £214,000 | 2 years |
| Marx Memorial Library & Workers' School | for an independent access audit | £1,800 | 2 years |
| Muscular Dystrophy Group of | towards the salary costs of a | £113,000 | 3 years |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|--|--|----------|---------|
| Great Britain and Northern Ireland | Project Lead Officer and running costs for delivering the Trailblazers work-experience project for Londoners | | |
| National Autistic Society | for a project helping young people with autism transition from school into adulthood | £40,000 | 1 year |
| Polka Children's Theatre Limited | for the costs of an independent access audit. | £2,940 | 1 year |
| Pursuing Independent Paths | towards salaries and related costs of delivering the Performing Arts Project for young adults with learning disabilities | £97,300 | 3 years |
| Rosetta Life | to replicate the model for movement and singing for stroke survivors across London | £66,700 | 2 years |
| Royal Academy of Dance | towards tutors' fees; RADiate delivery costs; and production costs for two films about the RADiate project | £146,900 | 3 years |
| Royal Court Theatre | for an independent access audit and staff training | £2,700 | 1 year |
| Shape | towards the costs of the Shape Programme Coordinator delivering the charity's Audiences scheme to improve the accessibility of arts venues across London | £39,000 | 2 years |
| St Andrew's Church Youth Centre, Roxbourne, Harrow | towards disability access works to the Community Centre and Main Hall at St Andrews Church and disability equality and awareness training for staff and volunteers | £48,700 | 1 year |
| St John's Church, Waterloo | towards the costs of access works to the crypts, first and second floors | £100,000 | 2 years |
| St Paul's Church West Hackney | towards the redevelopment of the church hall to accessible standards to provide stair lifts and an accessible WC and | £52,250 | 1 year |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|---|---|-------------------|---------|
| | shower / wet room | | |
| St Peter's Bethnal Green | for an independent access audit | £1,683 | 2 years |
| St Vedast-alias-Foster | for an independent access audit | £1,000 | 2 years |
| Stroke Action London | for the salary and running costs of the BeActive Well-Being Service for stroke survivors in Enfield | £20,000 | 1 year |
| The Parochial Church Council of the Ecclesiastical Parish of St Peter, Ealing | for an independent access audit and staff training | £3,420 | 1 year |
| Transport for All | towards the cost of a Let's Get Moving project manager and running costs | £90,000 | 3 years |
| Tricycle Theatre Company | to redevelop the theatre auditorium to fully accessible standards | £100,000 | 2 years |
| Yarrow Housing Ltd | towards the salary of a Volunteer Co-ordinator, together with the associated project running costs | £103,750 | 3 years |
| Total Making London More Inclusive | | £2,945,435 | |
| | | | |
| Making London Safer | | | |
| Albert Kennedy Trust | towards the salary costs of the post of London Senior Practitioner | £90,000 | 3 years |
| Children and Families Across Borders | for the costs of a Social Worker and Caseworker, and associated programme and running costs | £135,000 | 3 years |
| Embrace CVOC (Child Victims of Crime) | towards the salary cost of a London Counselling Service lead and 500 counselling sessions per annum | £68,000 | 3 years |
| Family Action | towards the salary and associated running costs of a London Domestic Abuse Service Development Co-ordinator | £91,500 | 3 years |
| Kiran Support Services | towards a salary and on-costs | £102,500 | 3 years |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|-------------------------------------|--|-----------------|---------|
| | to support BME women who have survived, or are at risk of, domestic abuse | | |
| Lewisham Speaking Up | towards the salary and delivery costs of the disability hate crime project | £49,800 | 3 years |
| Refuge | towards the salaries of two Child Support Workers in Lewisham | £84,600 | 3 years |
| Total Making London Safer | | £621,400 | |
| | | | |
| Older Londoners | | | |
| Age UK Sutton | towards the salary and associated running costs of an Advice on the Road - Information & Advice Project Manager and associated running costs | £72,500 | 3 years |
| Age UK Waltham Forest | for salaries and project costs relating to the Active Aging initiative | £35,000 | 1 year |
| Ascension Community Trust | for the salary of an Elders' Project Co-ordinator | £13,000 | 1 year |
| Camden Cypriot Womens' Organisation | for an Advice/Advocacy Worker, a Physical Activity Organiser; and associated running costs for a project working with women aged 75+ | £95,400 | 3 years |
| Carers of Barking and Dagenham | for the salary of a Carer and Family Advice Information & Advocacy Worker and associated running costs | £105,700 | 3 years |
| Claremont Project (Islington) | for the salary of a Flourishing Lives Project Co-ordinator plus project running costs | £143,850 | 3 years |
| Covent Garden Dragon Hall Trust | for the salary of a e Community Development Worker and associated project costs working with older people aged 75+ and support to carers 65+ | £87,000 | 3 years |
| Deafblind UK | towards the salary and associated running costs of an Outreach Officer to maintain | £61,900 | 2 years |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|--|--|-------------------|----------|
| | and develop support services for deafblind older people | | |
| Eastside Community Heritage | towards the salary of a Project Officer, project costs and overheads | £48,000 | 2 years |
| Harrow Association of Somali Voluntary Organisations | for the salary of an Elderly Link Worker and towards related overheads and associated project costs | £75,800 | 3 years |
| Henna Asian Women's Group | towards the salary of a Volunteer Co-ordinator and associated running costs for a project targeting those aged 75 or over and carers aged 65+ | £73,000 | 3 years |
| Hoxton Health | towards the salary of a Volunteer Co-ordinator, Manager and related project costs | £110,000 | 3 years |
| MOLA (Museum of London Archaeology) | towards the salary and associated running costs of a Community Archaeologist to run a programme of activities targeting Londoners aged over 75 years | £87,400 | 3 years |
| Neighbours in Poplar (NIP) | towards an Outreach Worker and associated running costs for a project working with isolated people aged 75+ | £85,500 | 3 years |
| Spare Tyre Theatre Company Limited | towards the 'Once Upon a Time: Garden' project | £46,500 | 3 years |
| SPID Theatre Company | for the costs of providing a supper club and training sessions for local residents who will be providing the suppers | £4,000 | 3 months |
| St Augustine's Community Care Trust | towards the salary costs of a Chief Operations Officer, and running costs of the Homelink Day Respite Service | £99,500 | 3 years |
| Total Older Londoners | | £1,244,050 | |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|--|--|----------|---------|
| Reducing Poverty | | | |
| Advising London | for a Debt Programme Manager and related costs to promote access to debt advice and to provide specialist casework to indebted Lambeth residents | £138,000 | 3 years |
| Age UK Wandsworth | towards the salary and running costs of expanding the Advice and Support Service | £117,600 | 3 years |
| Asylum Support Appeals Project | towards the salaries of a Solicitor, Duty Scheme Co-ordinator and Director and associated running costs | £135,000 | 3 years |
| Body & Soul | for a Head of Casework and Advocacy, overseeing the delivery of Body & Soul's Practical Support programme | £86,500 | 3 years |
| Disability and Social Care Advice Service (Wandsworth) | for a Disability and Social Care Advisor and costs for trained volunteers to provide advice to disabled people in Wandsworth | £99,200 | 3 years |
| East End Citizens Advice Bureaux | towards a caseworker to manage the project and project costs to provide debt and welfare rights advice in Newham | £146,900 | 3 years |
| Kingdom Storehouse | towards the salary costs of the Development Manager | £56,900 | 3 years |
| Latin American Disabled People's Project | for a Community Skills for Work and Welfare Officer plus running costs | £70,300 | 3 years |
| Latin American Women's Rights Service (LAWRS) | towards the Coordinator, costs of delivering the Advice programme in London, management and on-costs | £97,000 | 3 years |
| MyBnk | towards the costs of the Money Works programme for young care leavers | £60,000 | 1 year |
| Notre Dame Refugee Centre | towards the Director's salary, an Advice Worker, and to meet the costs of external, expert, legal support to triage | £94,900 | 3 years |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|---|--|-------------------|---------|
| | complex advice cases | | |
| South London Refugee Association | towards the cost of a Advice Co-ordinator, and associated running costs | £96,000 | 3 years |
| Southwark Law Centre | towards the salary and associated running costs of Southwark Law Centre's Immigration Solicitor | £158,000 | 3 years |
| Staying First | for an Advice Caseworker and associated costs to promote and deliver debt and welfare benefit advice and provide specialist casework to Hounslow residents | £153,000 | 3 years |
| Tamil Welfare Association (Newham) UK | towards the costs of an Advice Worker and associated running costs | £102,000 | 3 years |
| Trust Thamesmead | towards the Positive Steps Thamesmead initiative providing advice services, debt counselling, and support for disabled people | £90,000 | 3 years |
| Total Reducing Poverty | | £1,701,300 | |
| | | | |
| Resettlement and Rehabilitation of Offenders | | | |
| Fine Cell Work | towards the running and on-costs of the Open the Gates programme supporting ex-prisoners towards employment and settled living | £133,000 | 3 years |
| Good Vibrations | towards music-making sessions for forensic patients at the Royal Bethlem Hospital in Bromley | £42,520 | 2 years |
| Pecan | to contribute towards revenue costs of supporting London women aged under 25 leaving custody to desist from re-offending | £75,000 | 3 years |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|---|--|-----------------|---------|
| Phoenix House | towards the costs of a Through the Gate Worker plus running costs for work with participants of the Building Futures programme on release from HMP Holloway | £150,000 | 3 years |
| Trailblazers Mentoring Ltd | for the costs of work around HMPs Wandsworth and ISIS, as well as with Londoners released by HMPs Aylesbury and Rochester | £99,000 | 3 years |
| Volunteer Centre Kensington & Chelsea | for a Resettlement Worker plus a contribution to the running costs of "Inside Out" | £125,000 | 3 years |
| women@thewell | towards salary costs of a Senior Support Worker and running costs of a life skills programme for women who have offended or are at risk of offending or re-offending | £105,000 | 3 years |
| Total Resettlement and Rehabilitation of Offenders | | £729,520 | |
| | | | |
| Strengthening London's Voluntary Sector | | | |
| Bexley Voluntary Service Council | towards the Development Officer (Outcomes & Impact Champion), training and on-costs associated with the Measuring Impact to Improve Performance project | £118,800 | 3 years |
| Charity IT Association | for administration costs of the CITA project supporting London charities | £47,000 | 2 years |
| Council of Somali Organisations | towards the salaries of a Business and Membership Development Officer and a Research and Development Officer | £50,000 | 1 year |
| Federation of London Youth Clubs | for the salary and support costs of a project to develop the capacity of London's voluntary youth sector to evidence and advocate for the value of its work | £103,000 | 2 years |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|---|---|----------|---------|
| Foundation for Social Improvement | towards the cost of providing a range of training courses and workshops for London based charities | £27,000 | 3 years |
| Hands on London | for the salary of a Relationships Manager to expand Hands on London's network of partner organisations | £12,000 | 1 year |
| Haringey Association of Voluntary and Community Organisations | for the salary of a Volunteer Centre Manager and a contribution to management and running costs of the Volunteer Centre in Haringey | £100,000 | 2 years |
| Homeless Link | for a London Development Officer, Research Officer, Policy Officer, associated running costs and the costs of events and training sessions | £148,100 | 3 years |
| Interlink Foundation | towards the salary and related running costs of a project supporting partnership and collaboration amongst Charedi organisations in North London | £80,000 | 2 years |
| LandAid Charitable Trust | towards the costs of a Pro Bono Manager | £58,500 | 3 years |
| London Funders | towards core costs | £250,000 | 5 years |
| London Voluntary Service Council | towards the salaries of the Chief Executive and the Head of Policy and Support | £120,000 | 2 years |
| Merton Voluntary Service Council | towards the salaries of the Head of Development and the Chief Executive, along with evaluation workshop costs and associated overheads | £160,000 | 3 years |
| Pro Bono Community | for the salary, training costs and overheads to train law students to volunteer in community advice agencies | £110,955 | 3 years |
| Race On The Agenda | for the salary of a Project Officer and related costs of a project providing training, capacity-building, advice and information to London's voluntary sector | £112,700 | 2 years |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|--|--|--------------------|-----------|
| Voice4Change England | towards the salary of a Development Director plus associated running costs of a project to support the BME voluntary sector in London to develop policies and good practice around volunteering and asset management | £122,240 | 2 years |
| Volunteer Centre Greenwich | for the salaries of a Volunteer Services Manager and Membership Services Officer, and associated running costs of a project increasing the number and the quality of volunteering placements in Greenwich | £106,000 | 2 years |
| Total Strengthening London's Voluntary Sector | | £1,726,295 | |
| | | | |
| Total Investing in Londoners | | £12,093,410 | |
| | | | |
| Partnership Programmes - Hardship Fund | | | |
| Prisoners Abroad | to continue to the administration of a hardship fund for destitute British citizens returning to London after imprisonment overseas | £330,000 | 18 months |
| Total Partnership Programmes - Hardship Fund | | £330,000 | |
| | | | |
| 20th Anniversary Grants | | | |
| Age UK Ealing | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| Age UK Islington | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| Age UK Wandsworth | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| Bishop Creighton House | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|--|--|---------|--------|
| Brent Mencap | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| Calthorpe Project | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| Centre For Armenian Information & Advice | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| Community Network | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| Community of Refugees from Vietnam - East London | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| Contact the Elderly | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| Copleston Centre | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| Elfrida Rathbone Camden | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| Finsbury and Clerkenwell Volunteers | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| Hackney Sparrows Wheelchair Basketball Club | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| Hammersmith Community Gardens Association | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| Kensington and Chelsea Social Council | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| Kiloran Trust | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| LASA | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| London Hazards Centre Trust Limited | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|--------------------------------------|--|-----------------|-----------|
| Tower Hamlets Mission | an unrestricted grant as part of City Bridge Trust's 20th anniversary activities | £20,000 | 1 year |
| John Lyon's Charity | to co-fund the salary and running costs of a Young People's Foundation in each of the boroughs of Brent, Harrow and Barnet | £300,000 | 1 year |
| London Funders | for a detailed research and scoping study into the future infrastructure needs of Londoners voluntary and community sector | £50,000 | 1 year |
| Total 20th Anniversary Grants | | £750,000 | |
| | | | |
| Stepping Stones Fund | | | |
| Action for Children | to develop a multi-borough commissioning model in London for children on the edge of care | £50,000 | 6 months |
| Action Tutoring | to improve tutor materials and training resources, recruitment of a Programme Coordinator and improvements to the way in which pupil outcomes are monitored | £50,000 | 18 months |
| Age Concern Havering | for work that will help Tapestry improve its monitoring and measurement of impact, formulate a social investment model and modernise its human resource infrastructure | £46,000 | 1 year |
| Age UK Lewisham & Southwark | towards a co-ordinator and on costs working to expand Age UK Lewisham and Southwark's Help at Home and Happy Feet social enterprise services and examining the potential of these activities for social investment | £45,000 | 18 months |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|--|--|---------|-----------|
| Bromley by Bow Centre | for a Project Manager and on costs, leading work to pilot the Integrated Social Care Hub offering personalised support to vulnerable adults | £50,000 | 1 year |
| Camden Society | to build the capacity of Camden Society for the scaling of Unity Kitchen using social investment | £50,000 | 1 year |
| Cardboard Citizens | to enable Cardboard Citizens to develop its business modelling in order to expand its training programme for external agencies | £49,700 | 18 months |
| Communities Into Training and Employment | for work to design and implement improvements to CITE's information management systems and customer relationship database | £49,500 | 1 year |
| Croydon Voluntary Action | to develop staff skills, to prepare a detailed business plan, and to draw up options for social investment finance | £40,000 | 1 year |
| CTU Community Project | towards the funding of intermediary support provided by Social Finance to create a business plan and financial model, and raise working capital and development finance to fund initial costs of regenerating a permanent site in Camden for CTU Community Project's Collective initiative | £50,000 | 6 months |
| Deptford Reach | to enable Deptford Reach to work with Social Finance over 12 months to enable it to receive the intermediary support necessary to raise social investment for the re-development of Deptford Reach | £50,000 | 1 year |
| Enabling Enterprise | towards Enabling Enterprise's work to measure and report the outcomes of its work | £40,000 | 18 months |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|----------------------------------|--|---------|-----------|
| Federation of London Youth Clubs | to develop social investment financing plans for London Youth's Build It programme for young people in the construction trades | £50,000 | 1 year |
| Forest Farm Peace Garden | towards the development of business plans and fundraising for the East London Growers initiative run by Forest Farm Peace Garden | £12,600 | 1 year |
| Investing for Good CIC | towards the development of an innovative Charity Bond Platform that will raise social investment for smaller charities to enhance their social outcomes | £45,000 | 18 months |
| Integrated Neurological Services | towards a full-time Business Development Manager (Deputy CEO) to develop the charity's business model and explore new income streams including social investment | £48,000 | 18 months |
| Isledon Arts CIC | to engage specialist consultants to undertake concept work, research and project management to develop a business plan for multi-layered tracking of young people's progress within youth services through to investment ready stage | £46,000 | 9 months |
| Meanwhile Space CIC | to build Meanwhile Space's capacity to provide incubator accommodation to small enterprises on affordable and flexible terms | £49,500 | 18 months |
| Media Trust | towards a marketing and business development programme that will allow Media Trust to explore opportunities for earned income and the potential to take on social investment | £50,000 | 1 year |
| National Zakat Foundation | for the development of NZF's investment model, with the | £16,900 | 1 year |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|---------------------------------------|--|---------|-----------|
| | balance of funding raised in the form of pro bono support | | |
| Only Connect | towards staff management time, expert advisors and legal costs for a feasibility study into OC's use of buildings to generate income | £50,000 | 6 months |
| Providence Row | for a full-time Business Development Officer and overhead costs to work on plans for Providence Row's bakery and room hire business | £48,200 | 1 year |
| Pure Leapfrog | towards the cost of implementing loan-fund procedures and documentation for Pure Leapfrog's new community energy fund | £20,000 | 18 months |
| ReachOut | towards the costs of the charity's Operations Director and Director of Fundraising & Impact as they work on the organisation's quality control framework, character evaluation, and costings | £50,000 | 1 year |
| Team Up | to support TeamUp to test its refined business model and conduct further research to improve its prospects of attracting social investment in 2017 | £50,000 | 1 year |
| Teens and Toddlers UK Ltd | to employ a project manager who will develop a replicable payment by results model to attract new social investors to the market | £34,500 | 1 year |
| The Royal Foundation of St. Katharine | to enable the Royal Foundation of St. Katharine to work with Social Finance over 18 months to complete a business plan and financing model for the property development and investment proposition for the Northern Site | £50,000 | 18 months |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|--|---|-------------------|-----------|
| Theatre Centre | to enable Theatre Centre to develop ten Live Packages (audio drama + facilitated workshop) for delivery in London, to provide social investment training, toolkit development and production and to evaluate the product and business model | £20,000 | 18 months |
| Tower Hamlets Community Transport | towards the pilot of an online marketplace for community transport in order to bring the concept to a stage where it is ready for social investment and to be scale up | £49,200 | 18 months |
| West London Zone | towards the cost of West London Zone's Collective Impact Bond | £150,000 | 1 year |
| Women's Aid | towards the staffing, support and running costs associated with the development of a social investment model to address intractable domestic violence cases in London | £50,000 | 6 months |
| Women's Resource Centre | towards the preparation of a business case for a third sector Women's Building | £25,000 | 6 months |
| Total Stepping Stones Fund | | £1,485,100 | |
| | | | |
| Strategic Initiatives | | | |
| Association of Charitable Foundations (ACF) | to continue the City Philanthropy - a wealth of opportunity initiative | £204,000 | 1 year |
| Barbican Centre Trust | towards creative learning projects in East London | £400,000 | 3 years |
| Barking & Dagenham Council for Voluntary Service | towards the One Borough, One Community Event | £40,000 | 1 year |
| Barnardo's | for the salary of one 'Spoke' post as part of a wider initiative to address child sexual exploitation in London | £208,000 | 3 years |
| Centre for London | to support the scoping research into London's capacity for civic innovation. | £20,000 | 1 year |
| Centre for London | to draw up a detailed project | £19,000 | 1 year |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|---|---|----------|---------|
| | plan for a strategic review of giving in the capital | | |
| City Bridge Trust | towards the cost of a final learning event to be held in December 2015 | £11,000 | 1 year |
| City Bridge Trust | to commission research into a potential small grants programme | £35,000 | 1 year |
| City Bridge Trust | the re-development of City Bridge Trust's website as a learning and collaboration tool and to profile better the work of the Trust's grantees | £32,200 | 1 year |
| Federation of London Youth Clubs | towards the City Leaders project | £279,000 | 1 year |
| Funding Network | towards core costs and to further develop the City Funding Network | £30,000 | 1 year |
| Hampstead Heath Charitable Trust | towards an environmental learning programme designed to improve London's engagement and sense of wellbeing with respect to green spaces | £400,000 | 3 years |
| Housing Justice | towards the salary and related running costs of developing the London Hosting Project | £25,000 | 1 year |
| Human Trafficking Foundation | towards core running costs | £225,000 | 3 years |
| Institute for Voluntary Action Research | towards the costs of the 2015 Evaluation Roundtable | £5,000 | 1 year |
| International Centre for Social Franchising | to support the Scale Accelerator project | £36,000 | 1 year |
| IVAR | towards a place-based funding study | £5,000 | 1 year |
| Legal Education Foundation | to support the provision of six Justice First Fellowships in London | £320,000 | 3 years |
| Lemos&Crane | to run the Growing Localities Awards 2016 | £36,800 | 1 year |
| London Funders | for a scoping study investigating the infrastructure needs of civil society | £5,000 | 1 year |
| London's Giving | to develop Hackney, Newham and Tower Hamlets Giving | £172,500 | 3 years |

BRIDGE HOUSE ESTATES
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

List of Grants Approved 2015/16

| | | | |
|---|---|--------------------|-----------|
| Media Trust | to enable a cohort of grantees to take part in a "Telling Your Stories"/ambassadorial project | £55,125 | 1 year |
| Media Trust | to fund the production of six "before / during / after" case studies of the Stepping Stones programme | £20,205 | 18 months |
| Paddington Development Trust | towards the London Communities Commission | £5,000 | 1 year |
| Praxis Community Projects | to support the CEO to devote time to the future options work and to pay for a consultant to capture the story of the Language Gym and draw out learning for both funders and grantees | £55,000 | 1 year |
| Prince's Trust | for a range of services to support London's hardest to reach young people. | £1,000,000 | 1 year |
| Re-imagine CIC | to deliver the Re-imagine project to improve access to the arts, galleries and museums for adult Londoners with learning disabilities | £190,000 | 3 years |
| Sutton Centre for Voluntary Service | towards the development of a local giving scheme in the London Borough of Sutton, as part of London's Giving | £20,000 | 1 year |
| The Lord Mayors Show | for entry in the 2016 Lord Mayor's Show | £40,000 | 1 year |
| Total Strategic Initiatives | | £3,893,830 | |
| | | | |
| Total Grant Spend 2015/16 | | £18,552,340 | |
| | | | |
| Total Investing in Londoners | (176 grants) | £12,093,410 | |
| Total Partnership Programmes - Hardship Fund | (1 grant) | £330,000 | |
| Total 20th Anniversary Grants | (22 grants) | £750,000 | |
| Total Stepping Stones Fund | (32 grants) | £1,485,100 | |
| Total Strategic Initiatives | (29 initiatives) | £3,893,830 | |
| Total awarded (grants/initiatives) | (260 grants/initiatives) | £18,552,340 | |
| Less write backs | | (£210,039) | |
| Total grants chargeable in 2015/16 | | £18,342,301 | |

BRIDGE HOUSE ESTATES

ANNUAL REPORT AND FINANCIAL STATEMENTS

The Membership of Committees of the City of London Corporation which had responsibility for managing the Charity during 2015/16 are as follows:

Culture, Heritage and Libraries Committee for the year to 31 March 2016

Chairman

Graham David Packham

Deputy Chairman

Vivienne Littlechild JP

Aldermen

Alison Gowman

William Anthony Bowater Russell

Commoners

Mark John Boleat

Keith Bottomley

Michael John Cassidy CBE *Deputy*

Dennis Cotgrove BA

William Harry Dove OBE JP *Deputy*

Anthony Noel Eskenzi CBE DSc *Deputy*

Kevin Malcolm Everett DSc

Lucy Frew

The Revd. Stephen Decatur Haines MA *Deputy*

Graeme Harrower

Tom Hoffman LLB

Ann Holmes

Wendy Hyde

Jamie Ingham Clark *Deputy*

Alistair John Naisbitt King MSc *Deputy*

Paul Martinelli

Jeremy Paul Mayhew MA MBA

Sylvia Doreen Moys

Barbara Patricia Newman CBE

Ann Marjorie Francesca Pembroke

Judith Lindsay Pleasance MA (Hons)

Emma Charlotte Louisa Price

Stephen Douglas Quilter BSc (Hons)

Delis Regis

John George Stewart Scott JP BA(Hons) FRP SL

Dr Giles Robert Evelyn Shilson *Deputy*

James Tumbridge

Mark Raymond Peter Henry Delano Wheatley

Ex-Officio

John Tomlinson *Deputy*

John Bennett *Deputy*

BRIDGE HOUSE ESTATES

ANNUAL REPORT AND FINANCIAL STATEMENTS

Policy and Resources Committee for the year to 31 March 2016

Chairman

Mark John Boleat

Deputy Chairman

Jeremy Paul Mayhew MA MBA
Catherine McGuinness MA *Deputy*
Hugh Fenton Morris

Aldermen

Charles Edward Beck Bowman
Sir Michael Bear
The Lord Mountevans
Andrew Parmley
Sir David Hugh Wootton
The Right Hon. Alan Collin Drake Yarrow

Commoners

Douglas Barrow *Deputy*
John Alfred Bennett *Deputy*
Henry Colthurst
Alexander John Cameron Deane *Deputy*
Simon D'Olier Duckworth DL
Stuart John Fraser CBE
Marianne Bernadette Fredericks
George Marr Flemington Gillon
Christopher Haines
Wendy Hyde
Charles Edward Lord OBE JP
Wendy Mead
Joyce Carruthers Nash OBE *Deputy*
Dhruv Patel
Dr Giles Robert Evelyn Shilson *Deputy*
Jeremy Simons
Sir Michael John Snyder *Deputy*
John Tomlinson *Deputy*

Ex-Officio

Roger Arthur Holden Chadwick
William Harry Dove OBE JP *Deputy Chief Commoner*
The Revd. Stephen Decatur Haines MA *Deputy*
Vivienne Littlechild JP
Andrew Stratton McMurtrie
Alastair Michael Moss *Deputy*
James Henry George Pollard *Deputy*
The Right Hon The Baroness Patricia Scotland of Asthal, QC
Alderman
Michael Welbank MBE *Deputy*

Finance Committee for the year to 31 March 2016

Chairman

Roger Arthur Holden Chadwick

Deputy Chairman

Jeremy Paul Mayhew MA MBA

Aldermen

Charles Bowman
Peter Hewitt FCSI FRSA
Vincent Thomas Keaveny
Professor Michael Mainelli

Commoners

Randall Keith Anderson
John Alfred Barker OBE *Deputy*
Nicholas Bensted-Smith
Christopher Paul Boden
Nigel Kenneth Challis MA FCA FCSI (Hon)
Simon D'Olier Duckworth MA DL
Anthony Noel Eskenzi CBE DSc *Deputy*
John William Fletcher BSc
Stuart John Fraser CBE
Lucy Frew
Brian Nicholas Harris
Christopher Hayward
Tom Hoffman LL.B
Wendy Hyde
Jamie Ingham Clark, *Deputy*
Clare James MA
Alistair John Naisbitt King MSc *Deputy*
Gregory Alfred Lawrence
Oliver Arthur Wynlayne Lodge TD BSc
Robert Allan Merrett
James Henry George Pollard *Deputy*
Adam Richardson
James de Sausmarez
Ian Christopher Norman Seaton
Sir Michael John Snyder *Deputy*
David James Thompson
John Tomlinson *Deputy*
Philip Woodhouse

Ex-Officio

Mark John Boleat
Alastair Moss, *Deputy*
Andrew McMurtrie

The following were Members of the Committee within the period 1 April 2015 – 31 March 2016, but were no longer on the Committee on 31 March 2016:

Kevin Everett
Robert Picton Seymour Howard *Deputy*

BRIDGE HOUSE ESTATES
ANNUAL REPORT AND FINANCIAL STATEMENTS

**Property Investment Board
for the year to 31 March 2016**

Chairman

Alastair Moss *Deputy*

Deputy Chairman

Thomas Charles Christopher Sleigh

Commoners

Christopher Boden

Mark Boleat

Michael John Cassidy *Deputy*

Roger Arthur Holden Chadwick *Deputy*

John Chapman *Deputy*

George Marr Flemington Gillon

Brian Nicholas Harris *Deputy*

Ann Holmes

Michael Hudson

Dhruv Patel

Keith Bottomley

David Brooks Wilson

Tony Joyce

Liz Peace

**Financial Investment Board
for the year to 31 March 2016**

Chairman

Andrew Stratton McMurtrie, JP

Deputy Chairman

Nicholas Michael Bensted-Smith, JP

Commoners

Roger Arthur Holden Chadwick, *Deputy*

Henry Nicholas Almroth Colthurst

Simon D'Olier Duckworth OBE DL

Tom Hoffman LL.B

Robert Picton Seymour Howard (Alderman)

Clare James MA

James Henry George Pollard *Deputy*

James de Sausmarez

Ian Christopher Norman Seaton

Philip Woodhouse

The following were Members of the Committee within the period 1 April 2015 – 31 March 2016, but were no longer on the Committee on 31 March 2016:

Alderman Robert Howard

BRIDGE HOUSE ESTATES

ANNUAL REPORT AND FINANCIAL STATEMENTS

Planning and Transportation Committee for the year to 31 March 2016

Chairman

Michael Welbank MBE *Deputy*

Deputy Chairman

Marianne Fredericks

Aldermen

Peter Estlin

Timothy Halles J.P.

Professor Michael Raymond Mainelli FCCA FCSI FBSC

William Russell

Commoners

Randall Keith Anderson

Deputy Ken Ayers MBE

Alex Bain-Stewart MSc JP

David John Bradshaw

Dennis Cotgrove

The Revd. Dr Martin Raymond Dudley

Peter Gerard Dunphy

Emma Edhem

Kenneth Malcolm Everett D.Sc

Sophie Anne Fernandes

William Barrie Fraser OBE *Deputy*

George Marr Flemington Gillon

Brian Nicholas Harris

Christopher Michael Hayward

Gregory Percy Jones QC

Henry Llewellyn Michael Jones *Deputy*

Oliver Arthur Wynlayne Lodge TD BSc

Paul Nicholas Martinelli

Brian Desmond Francis Mooney MA

Alistair Michael Moss *Deputy*

Sylvia Doreen Moys

Graham David Packham

Judith Lindsay Pleasance

James Henry George Pollard

Thomas Charles Christopher Sleigh

Graeme Martyn Smith

Angela Starling

Patrick Thomas Streeter

James Michael Douglas Thomson *Deputy*

The City Bridge Trust Committee for the year to 31 March 2016

Chairman

Jeremy Paul Mayhew MA MBA

Deputy Chairman

Alderman Alison Gowman

Aldermen

Vincent Thomas Keaveny

Commoners

William Harry Dove OBE, Deputy

Karina Dostalova

Simon D'Olier Duckworth OBE, DL

Stuart John Fraser CBE

Marianne Bernadette Fredericks

Stanley Ginsburg JP *Deputy*

The Revd. Stephen Decatur Haines MA *Deputy*

Vivienne Littlechild JP

Charles Edward Lord OBE JP

Wendy Mead, OBE

Ian Christopher Norman Seaton

Ex-Officio

The Rt. Hon the Lord Mayor, The Lord Mountevans, Jeffrey Evans (Alderman)

BRIDGE HOUSE ESTATES
ANNUAL REPORT AND FINANCIAL STATEMENTS

Social Investment Board
for the year to 31 March 2016

Chairman

Peter Lionel Raleigh Hewitt, JP, FCSI, FRSA (Alderman)

Deputy Chairman

Henry Nicholas Almroth Colthurst

Commoners

Nicholas Michael Bensted-Smith, JP

Roger Arthur Holden Chadwick, *Deputy*

Wendy Hyde

Jeremy Paul Mayhew MA MBA

Andrew Stratton McMurtrie, JP

Co-Opted Members

Elizabeth Corrado

Tim Haywood

Laura Tumbridge

CITY'S CASH TRUST FUNDS

Open Spaces

Ashted Common

Burnham Beeches

Epping Forest

Hampstead Heath

Highgate Wood and Queen's Park Kilburn

West Ham Park

West Wickham Common and Spring Park Wood, Coulsdon and Other Commons

Sir Thomas Gresham Charity

SUNDRY TRUSTS AND OTHER ACCOUNTS

Banking and Investments

Corporation of London Charities Pool

Open Spaces

Hampstead Heath Trust

King George's Field

Books and Libraries

Guildhall Library Centenary Fund

Education

City Educational Trust Fund

The City of London Corporation Combined Relief of Poverty Charity

City of London School Education Trust

Charities Administered ICW The City of London Freemen's School

City of London School Bursary Fund

City of London School for Girls Bursary Fund

City of London Freemen's School Bursary Fund

The City of London Corporation Combined Education Charity

Other Trusts and Funds

Emanuel Hospital*

Sir William Coxen Trust Fund*

Signore Pasquale Favale Bequest

Wilson's Loan Trust*

Vickers Dunfee Memorial Benevolent Fund *

City of London Almshouses

The Ada Lewis Winter Distress Fund

Keats House

*These Trusts are received by the Finance Committee and signed by one of the specific Trustees.

Action Plan – Bridge House Estates and the City’s Trusts

Note: references refer to the recommendation in Moore Stephens Audit Management Report at Annex 3

| | Item | Action and Implementation | Responsibility |
|-----------------------------|---|---|--|
| Bridge House Estates | | | |
| 1 | <p><u>Accounts Review (S6, item 1 on page 16)</u></p> <p>We would recommend bringing forward the full peer review process of BHE accounts to before the first draft is provided for audit.</p> <p>We also recommend that the detailed closedown timetable factors in sufficient full peer review time for BHE accounts prior to the audit stage and, for all accounts, includes feedback milestones from audit.</p> | <p>Bridge House Estates financial statements will be fully peer reviewed prior to the audit stage in future years, commencing with the accounts for 2016/17. This task will be included in the closedown timetable.</p> | <p>Steven Reynolds, Group Accountant.</p> |
| The City’s Trusts | | | |
| 2 | <p><u>Knowledge Transfer (S6, item 5 on page 18)</u></p> <p>We reiterate our recommendation that appropriate knowledge transfer processes are put in place (in relation to the preparation of accounts of the City of London Almshouses Trust).</p> | <p>During 2015-16 a key member of the team who was responsible for preparing the CoLAT accounts left and the vacancy was filled on a temporary basis by an experienced qualified accountant. A permanent replacement has now been appointed and is currently be trained and mentored to ensure that a repeat of the difficulties experienced during the 2016-17 accounts process are avoided. A permanent file note on the procedures to be followed in the preparation of the accounts will be prepared by 31 December 2016 to further ensure continuity of knowledge.</p> | <p>Mark Jarvis, Head of Finance, Citizens Services</p> |

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|---|--|---|--|
| 3 | <p><u>Grants receivable documentation (S7, 3rd item on page 19)</u></p> <p>The system for recording grants applied for and received is not always kept up to date, increasing the risk that grants received for a specific Open Space are not recognised appropriately.</p> | <p>With immediate effect, the system for recording grants will be reviewed and the issue of non-receipt of grants documentation will be a standing item on the agenda of future Open Spaces Business Senior Management Team meetings, which takes place every other month with the next meeting on 28 November. Should difficulties continue, then issues would be escalated to the Senior Leadership Team.</p> | <p>Mark Jarvis, Head of Finance, Citizens Services</p> |
| <p>These recommendations apply to all entities</p> | | | |
| 4 | <p><u>Corporate Treasury Scheme of Delegation (S6, item 2 on page 17)</u></p> <p>We recommend that the scheme of delegation for significant and material non-property transactions is amended, requiring that authorisation for such transactions comes from a member of the Corporate Treasury team and the Deputy Chamberlain.</p> | <p>With immediate effect, authorisation for such transactions will come from a member of the Corporate Treasury team and the Deputy Chamberlain.</p> | <p>Kate Limna, Corporate Treasurer</p> |
| 5 | <p><u>Inconsistent tenancy management records (S6, item 3 on page 17 and S7, 1st item on page 19)</u></p> <p>We recommend that a regular sample check review is performed for investment properties to ensure that the rental amount recognised on CBIS has been agreed by both parties [Comptroller and City Solicitor and the Chamberlain's Department]and that there is appropriate and consistent</p> | <p>The Chamberlain's Property Services Finance Team will carry out an independent quarterly sample check of invoices raised by the Comptroller and City Solicitor (CCS) and verify the amounts raised to the rental agreements held by the CCS which are filed on the KMX legal document system.</p> <p>The sample check will be completed one month after the end of each quarter, commencing with the current quarter (quarter 3) which ends on 31 December 2016. This sample</p> | <p>Hazel Lerigo, Interim Head of Finance Property Services</p> |

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| | supporting evidence on file encompassing information from across the Corporation. | check will be completed by 31 January 2017. | |
| 6 | <p><u>Authorisation of journal entries (S6, item 4 on page 17)</u></p> <p>We recommend that the Corporation review the policy in place regarding journal authorisation and consider either lowering the limit [from £100,000], or introducing a random sample check of journals posted of a lower amount across all funds and entities.</p> | The policy will be reviewed by 31 December 2016. | John James, Interim Deputy Financial Services Director. |
| 7 | <p><u>Documentation of formal impairment review (S7, last item on page 19)</u></p> <p>it is good practice to consider whether there have been any indicators of impairment as part of the year end processes and for those considerations to be documented.</p> | The impairment review will be documented in future, commencing with the review for the 2016/17 accounts closedown process. | Dianne Merrifield, Group Accountant (Capital). |

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